



**Powerhouse Ventures Limited**  
**NZ Company number: 1854396**  
**ARBN 612 076 169**  
**ASX security code: PVL**  
**Date of release: 24 February 2020**  
**Half Year Report (Appendix 4D)**

**1. Details of the reporting period and the previous corresponding period**

Reporting period	For the six months ended	31 December 2019
Previous Corresponding period	For the six months ended	31 December 2018

**2. Results for announcement to the market**

NZ\$'000	Change on previous period	NZ\$'000
2.1 Revenue and fair value changes from ordinary activities	Up \$3.3m to	1,784
2.2 Profit from Ordinary activities after tax	Up \$4m to	1,084
2.3 Net profit (loss) for the period attributable to members	Up \$4m to	1,084

2.4 It is not proposed to pay dividends.
2.5 Date for determining entitlements to the dividends - not applicable refer 2.4 above
2.6 A brief explanation of the figures in 2.1 to 2.4
For the profit commentary and any other significant information needed by an investor to make an informed assessment of Powerhouse's results please refer to the accompanying Half Year Financial Report and the accompanying ASX and Media release.

	Current period	Previous period
	NZ\$	NZ\$
3. Net tangible asset backing per ordinary security	0.21	0.19

4. Details of material entities over which control has been gained or lost - nil
5. Details of individual dividends and payment dates - not applicable see 2.4 above.
6. Details of any dividend or distribution reinvestment plans in operation - not applicable see 2.4 above.
7. Details of associates and joint venture entities - please refer to Notes 14 and 15 of the accompanying Half Year Financial Report.
8. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards ("IFRS").



9.1 This report is based on a financial report which has been reviewed by the Company's auditors.
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9.2 The attached financial report includes an independent review report that is not subject to a modified opinion, emphasis of matter or other matter paragraph.
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**Authorised By:**  
**The Board of Powerhouse Ventures Limited**

For more information, please contact:

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**Chief Financial Officer and Company Secretary**  
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### **About Powerhouse Ventures Limited**

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 early stage to mature businesses across four main sectors: engineering and clean-tech, medical and healthcare, agritech and environmental, and digital and ICT.

# **Powerhouse Ventures Limited**

## **Half Year Financial Statements**

**For the six months ended 31 December 2019**

**Powerhouse Ventures Limited**  
**Half Year Financial Statements**  
**For the six months ended 31 December 2019**

<b>Contents</b>	<b>Page</b>
Company Directory	3
Interim Statement of Comprehensive Income	4
Interim Statement of Changes in Equity	5
Interim Statement of Financial Position	6
Interim Statement of Cash Flows	7
Notes to the Interim Financial Statements	8 - 16
Independent review report to the shareholders	17 - 18

**Powerhouse Ventures Limited  
Company Directory  
As at 31 December 2019**

<b>Postal Address</b>	PO Box 29519 Riccarton Christchurch 8440 New Zealand
<b>Registered Office</b>	Level 1, Awly Building 293 Durham Street Christchurch 8013 New Zealand
<b>Business Locations</b>	Level 1, Awly Building, 293 Durham Street, Christchurch 8013 Gracefield Innovation Quarter, 69 Gracefield Road, Lower Hutt 5010
<b>Company Number</b>	CH1854396
<b>Australian Foreign Company Registration</b>	ARBN 612076169
<b>Solicitors</b>	Lowndes Law, Auckland, New Zealand Steinepreis Paganin, Melbourne, Australia
<b>Independent Auditor</b>	Grant Thornton New Zealand Audit Partnership, Christchurch
<b>Date of Formation</b>	17 August 2006

**Powerhouse Ventures Limited**  
**Interim Statement of Comprehensive Income**  
**For the six months ended 31 December 2019**

	Notes	6 months to 31 Dec 2019 (unaudited) \$	6 months to 31 Dec 2018 (unaudited) \$
<b>Revenue</b>			
Net changes in fair value of investments at fair value through profit or loss	4	1,506,045	(1,926,553)
Government grant funding		250,000	325,833
Revenue from contracts with customers	3	27,081	48,607
Finance income		1,008	35,429
Other revenue		80	-
<b>Total revenue</b>		<b>1,784,214</b>	<b>(1,516,684)</b>
<b>Expenses</b>			
Employee benefits expense		292,129	650,324
Marketing and events		-	(102,490)
Legal and professional costs		60,827	141,843
Travel		15,269	33,779
Interest expense		96,510	141,469
Other expenses	5	235,074	295,140
Impairment of financial assets		-	254,414
<b>Total expenses</b>		<b>699,809</b>	<b>1,414,479</b>
<b>Profit/(Loss) before income tax</b>		<b>1,084,405</b>	<b>(2,931,163)</b>
Income tax expense/(credit)		-	-
<b>Profit/(Loss) after tax for the period</b>		<b>1,084,405</b>	<b>(2,931,163)</b>
Other comprehensive income		-	-
<b>Total comprehensive profit/(loss) for the period attributable to equity holders of the Company</b>		<b>1,084,405</b>	<b>(2,931,163)</b>
<b>Earnings per share:</b>			
Basic (cents per share)		4	(10)
Diluted (cents per share)		4	(10)

*The accompanying notes form part of these interim financial statements.*



**Powerhouse Ventures Limited**  
**Interim Statement of Changes in Equity**  
**For the six months ended 31 December 2019**

	Notes	Share capital	Equity-settled share-based payment reserve	Retained earnings	Total equity
		\$	\$	\$	\$
<b>Balance at 1 July 2019 (audited)</b>		<b>30,825,373</b>	<b>-</b>	<b>(25,278,371)</b>	<b>5,547,002</b>
Adjustment from adoption of NZ IFRS 16		-	-	-	-
<b>Adjusted balance at 1 July 2019</b>		<b>30,825,373</b>	<b>-</b>	<b>(25,278,371)</b>	<b>5,547,002</b>
Increase in share capital		311,015	-	-	311,015
Equity-settled share-based payments		-	-	-	-
Total comprehensive income for the period		-	-	1,084,405	1,084,405
<b>Balance at 31 December 2019 (unaudited)</b>	<b>6</b>	<b>31,136,388</b>	<b>-</b>	<b>(24,193,966)</b>	<b>6,942,422</b>
<b>Balance at 1 July 2018 (audited)</b>		<b>30,656,138</b>	<b>68,216</b>	<b>(21,309,306)</b>	<b>9,415,048</b>
Adjustment from adoption of NZ IFRS 9 and NZ IFRS 15		-	-	-	-
<b>Adjusted balance at 1 July 2019</b>		<b>30,656,138</b>	<b>68,216</b>	<b>(21,309,306)</b>	<b>9,415,048</b>
Increase in share capital		169,235	-	-	169,235
Equity-settled share-based payments		-	(42,521)	-	(42,521)
Total comprehensive loss for the period		-	-	(2,931,163)	(2,931,163)
<b>Balance at 31 December 2018 (unaudited)</b>	<b>6</b>	<b>30,825,373</b>	<b>25,695</b>	<b>(24,240,469)</b>	<b>6,610,599</b>

*The accompanying notes form part of these interim financial statements.*



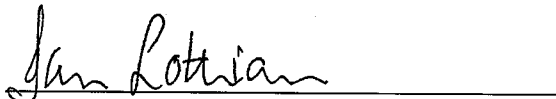
**Powerhouse Ventures Limited**  
**Interim Statement of Financial Position**  
**As at 31 December 2019**

	Notes	31 Dec 2019 (unaudited) \$	30 Jun 2019 (audited) \$
<b>ASSETS</b>			
Cash and cash equivalents		1,801,353	122,594
Trade and other receivables and prepayments		28,069	56,455
Convertible notes in portfolio companies		-	40,000
Investments in portfolio companies	14, 15, 16	5,177,535	7,541,168
Property, plant and equipment		-	1,972
<b>Total assets</b>		<b><u>7,006,957</u></b>	<b><u>7,762,189</u></b>
<b>LIABILITIES</b>			
Trade and other payables		64,535	125,787
Convertible notes	7	-	2,089,400
<b>Total liabilities</b>		<b><u>64,535</u></b>	<b><u>2,215,187</u></b>
<b>Net assets</b>		<b><u>6,942,422</u></b>	<b><u>5,547,002</u></b>
<b>EQUITY</b>			
Share capital	6	31,136,388	30,825,373
Retained earnings		(24,193,966)	(25,278,371)
<b>Total equity</b>		<b><u>6,942,422</u></b>	<b><u>5,547,002</u></b>

For and on behalf of the Board who approved and authorised these interim financial statements for issue on 24 February 2020.



Russell Yardley, Executive Chairman



Ian Lothian, Executive Director

The accompanying notes form part of these interim financial statements.





**Powerhouse Ventures Limited**  
**Interim Statement of Cash Flows**  
**For the six months ended 31 December 2019**

	Notes	6 months to 31 Dec 2019 (unaudited) \$	6 months to 31 Dec 2018 (unaudited) \$
<b>Cash flows from operating activities</b>			
Receipts from customers		281,267	357,927
Payments to suppliers and employees		(602,376)	(1,957,581)
Finance income		1,008	35,429
Interest paid		(96,510)	(141,469)
<b>Net cash outflow from operating activities</b>	<b>8</b>	<b>(416,611)</b>	<b>(1,705,694)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		(171,426)	(345,733)
Sale of investments		4,093,104	1,930,385
Sale of property plant and equipment		160	-
<b>Net cash inflow from investing activities</b>		<b>3,921,838</b>	<b>1,584,652</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares		314,337	-
Issuance costs		(3,322)	-
Repayments of borrowings		(2,137,483)	(104,450)
<b>Net cash outflow from financing activities</b>		<b>(1,826,468)</b>	<b>(104,450)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,678,759</b>	<b>(225,492)</b>
Cash and cash equivalents at the beginning of the period		122,594	1,052,690
<b>Cash and cash equivalents at the end of the period</b>		<b>1,801,353</b>	<b>827,198</b>

The accompanying notes form part of these interim financial statements.



**Powerhouse Ventures Limited**  
**Notes to the Interim Financial Statements**  
**For the six months ended 31 December 2019**

**1 General Disclosures**

**Reporting Entity**

Powerhouse Ventures Limited (the 'Company') and its subsidiaries are profit-oriented companies incorporated and domiciled in New Zealand under the Companies Act 1993, except for its dormant subsidiary Powerhouse Ventures Australia Pty Limited which was incorporated in Australia under the Corporations Act 2001. The Company is an investment company whose targeted asset-class is research-backed intellectual property. The Company was formed in Christchurch in 2006 to commercialise scientific and technical innovation developed at New Zealand's universities and government-owned research institutes.

The Company is listed on the Australian Securities Exchange (ASX).

**Basis of preparation**

These interim financial statements are for the six months ended 31 December 2019.

The interim financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and comply with NZ IAS 34 *Interim Financial Reporting* issued by the New Zealand Accounting Standards Board. Consequently they do not include all notes of the type normally included within the annual financial statements and, therefore, cannot be expected to provide as full an understanding of the financial position and investing activities of the Company as the full financial statements.

It is recommended that these interim financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2019.

The financial statements are presented in New Zealand dollars, being the Company's functional and presentation currency, rounded to the nearest dollar.

**Accounting Policies**

The accounting policies applied by the Company in these interim financial statements are the same as those adopted by the Company in its audited financial statements for the year ended 30 June 2019.

The Company adopted NZ IFRS 16 Leases in the reporting period commencing 1 July 2019 taking the modified retrospective approach and applying the practical expedients for leases terminated within twelve months of the date of initial application and low value leases. The Company settled its IT equipment lease obligations in full during the reporting period.

**Critical judgements in applying accounting policies**

In preparing these financial statements, the Company has made estimates and assumptions concerning the future in order to determine certain balances at reporting date. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key estimates in the preparation of these financial statements were the same as those that applied to the financial statements for the year ended 30 June 2019.



**Powerhouse Ventures Limited**  
**Notes to the Interim Financial Statements**  
**For the six months ended 31 December 2019**

**1 General Disclosures (continued)**

**Significant events since 30 June 2019**

1. A placement of 3 million fully paid shares issued at A\$0.10 per share was made to Jun Hong Shen (Australia) Pty Ltd on 15 August 2019, raising A\$300,000.
2. Mr Russell Yardley became Executive Chairman and Mr Geoff Gander and Mr Ian Lothian became Executive Directors on 5 September 2019.
3. Mr Richard Symon and Mr Shuyu Yang (Nick Young) joined the Board as Non-Executive Directors on 8 October 2019.
4. The Company sold its entire stake in portfolio company MARS Bioimaging in October 2019 for \$1.03m.
5. The Company sold its entire stake in portfolio company Invert Robotics in November 2019 for \$2.84m.
6. The Company repaid all 10 million convertible notes on issue (A\$2 million) on 14 November 2019.
7. On 19 November 2019, the Company advised shareholders that it had been unsuccessful in its tender for a new contract under New Zealand's 2020 Technology Incubator programme.
8. Mrs Toni Rowell (CFO) was appointed Company Secretary on 30 November 2019.

**Summary of significant accounting policies**

The following specific accounting policies have been adopted in the preparation and presentation of the financial statements.

**2 Going Concern**

In considering the appropriateness of the going concern assumption used as the basis of preparation of these interim financial statements, the Directors have considered cashflow forecasts for 12 months from the date of signing these financial statements, which include the ongoing operational costs and revenues of the Company, the ongoing investment program, expected portfolio liquidity events and other cashflows.

As a listed company Powerhouse has the potential to raise capital at any time and at short notice. Cashflow contingency plans include the possibility of new capital being introduced which is consistent with the Company's operating model. Further funds can be generated from the disposal of off-model or other portfolio companies as recently demonstrated. Uncertainty exists in the timing and level of funding that investment disposals or potential new capital introductions will generate.

Cashflow forecasts are uncertain by their very nature. The Directors consider that the Company is able to continue to meet its financial obligations and operate as a going concern. Therefore the Directors consider these interim financial statements are appropriately prepared on a going concern basis.

**3 Revenue from contracts with customers**

	6 months to 31 Dec 2019 (unaudited)	6 months to 31 Dec 2018 (unaudited)
Services provided within New Zealand	\$ 27,081	\$ 48,607
<b>Total Revenue from contracts with customers</b>	<b>27,081</b>	<b>48,607</b>

Revenue from contracts with customers in both the current and prior year is earned over time and is largely derived from incubation services provided to investee companies such as accounting, business support, governance and transaction fees for capital raisings.

**4 Net changes in fair value of investments at fair value through profit or loss**

	6 months to 31 Dec 2019 (unaudited)	6 months to 31 Dec 2018 (unaudited)
Revaluation gains on investments at fair value through profit or loss	2,128,647	492,258
Revaluation losses on investments at fair value through profit or loss	(622,602)	(2,418,811)
<b>Net gains/(losses) on investments at fair value through profit or loss</b>	<b>1,506,045</b>	<b>(1,926,553)</b>

Revaluation gains include uplifts in the values of Objective Acuity \$0.82m, Inhibit Coatings \$0.57m, Cirrus Materials Science \$0.45m and MARS Bioimaging \$0.22m (Dec 2018: Invert Robotics \$0.3m).

Revaluation losses include \$0.50m being the full write down of listed portfolio company Croplogix Limited (Dec 2018: \$0.33m relates to the fall in the market price of listed portfolio company Croplogix Limited).



**Powerhouse Ventures Limited**  
**Notes to the Interim Financial Statements**  
**For the six months ended 31 December 2019**

**5 Other Expenses**

	<b>6 months to 31 Dec 2019 (unaudited)</b>	<b>6 months to 31 Dec 2018 (unaudited)</b>
	\$	\$
Accounting, assurance and tax advisory	47,248	24,614
Insurance	24,060	92,123
Office costs and rent	108,831	200,138
Miscellaneous expenses	54,935	(21,735)
<b>Total Other Expenses</b>	<b>235,074</b>	<b>295,140</b>

Miscellaneous expenses includes an expense of \$50,669 (2018: credit of \$45,801) in relation to movements in the exchange rate between the New Zealand Dollar the Australian Dollar during the period.

**6 Share capital**

At 31 December 2019, share capital comprised 32,311,733 authorised and issued ordinary shares (30 June 2019: 29,311,733). All issued shares are fully paid and have no par value.

**Share capital comprises:**

	<b>31 Dec 2019 (unaudited)</b>	<b>30 Jun 2019 (audited)</b>
	\$	\$
Authorised, issued and fully paid in capital	32,657,563	32,343,226
Treasury stock	(2,136)	(2,136)
Issuance costs	(1,519,039)	(1,515,717)
<b>Total share capital</b>	<b>31,136,388</b>	<b>30,825,373</b>

*Movements in share capital*

	<b>31 Dec 2019 (unaudited)</b>	<b>31 Dec 2018 (unaudited)</b>
	\$	\$
Opening balance as at 1 July	30,825,373	30,656,138
Shares issued during the period for cash	314,337	-
Issuance costs incurred during the period	(3,322)	-
Treasury stock movement	-	629,412
Other movements	-	(460,177)
<b>Closing balance</b>	<b>31,136,388</b>	<b>30,825,373</b>

Shares issued during the period for cash relate to a placement in August 2019 to Jun Hong Shen (Australia) Pty Ltd for 3 million fully paid ordinary shares at an issue price of A\$0.10 per share, raising A\$300,000. Treasury stock and other movements at 31 December 2018 relate to the transfer of shares from treasury stock to employees who were granted shares as part of the Short Term Incentive Programme, and also to directors in lieu of payment for fees.

*Number of ordinary shares authorised, issued and fully paid*

	<b>6 months to 31 Dec 2019 (unaudited)</b>	<b>6 months to 31 Dec 2018 (unaudited)</b>
	\$	\$
Opening balance	29,311,733	28,986,363
Shares issued during the period for cash	3,000,000	-
Shares issued during the period in respect of non-cash transactions	-	325,370
<b>Closing balance</b>	<b>32,311,733</b>	<b>29,311,733</b>

Shares were issued in respect of a placement during the six months ended 31 December 2019. Shares were issued at a value of A\$0.20 per share in respect of employee STI awards during the six months ended 31 December 2018.



**Powerhouse Ventures Limited**  
**Notes to the Interim Financial Statements**  
**For the six months ended 31 December 2019**

**7 Convertible Notes**

On 14 November 2019, the Company repaid all outstanding Convertible Notes and accrued interest in full.

**31 Dec 2019**

Date of issue	Price per note			
	(A\$)	Number of Notes	Total A\$ value	Total NZ\$ value
May-18	0.20	-	-	-
Jun-18	0.20	-	-	-
Aug-18	0.20	-	-	-
		-	-	-

**30 Jun 2019**

Date of issue	Price per note			
	(A\$)	Number of Notes	Total A\$ value	Total NZ\$ value
May-18	0.20	2,000,000	400,000	417,880
Jun-18	0.20	4,250,000	850,000	887,995
Aug-18	0.20	3,750,000	750,000	783,525
		<u>10,000,000</u>	<u>2,000,000</u>	<u>2,089,400</u>

All Convertible Notes accrued a coupon rate of 12% per annum and were converted into ordinary shares at a ratio of 1:1 at the earlier of 15 December 2019 and note holder election.

**8 Reconciliation of loss after taxation to net cash inflows/(outflows) from operating activities**

	6 months to 31 Dec 2019 (unaudited) \$	6 months to 31 Dec 2018 (unaudited) \$
Profit/(Loss) for the period	1,084,405	(2,931,163)
<b>(Less)/plus non cash items</b>		
Depreciation	1,895	5,085
Net changes in fair value of investments at fair value through profit or loss	(1,506,045)	1,926,553
Share-based payment credit	-	(42,521)
Conversion of trade debtors to equity	(12,000)	-
Unpaid interest receivable	(32,216)	(32,216)
Impairment of financial assets	32,216	254,413
Other non-cash expenses	48,000	(46,750)
<b>(Less)/plus changes in working capital</b>		
Decrease in trade and other receivables	28,386	93,296
Decrease in trade and other payables	(61,252)	(961,558)
Increase in deferred revenue	-	29,167
<b>Net cash outflow from operating activities</b>	<u>(416,611)</u>	<u>(1,705,694)</u>

**9 Segment information**

**Reportable segments**

The Company has one operating segment: investment in and incubation of start-up companies using IP developed in tertiary institutions. This operating segment is monitored and reported on internally for the chief operating decision maker.



**Powerhouse Ventures Limited**  
**Notes to the Interim Financial Statements**  
**For the six months ended 31 December 2019**

**10 Related party transactions**

**(a) Subsidiaries and associates**

The results of portfolio companies, including subsidiaries and associates, have not been consolidated due to the Company's Investment Entity exemption.

During the reporting period the Company owned over 50% of ordinary share capital in one portfolio company, 2.2 GForce Limited. In its capacity as sole shareholder, the Company's Board resolved to liquidate 2.2 GForce Limited on 25 November 2019.

Transactions with portfolio companies include accounting services, business advisory services and capital raising management services.

Revenues from services provided to subsidiary and associate portfolio companies amounted to \$27,081 in the reporting period (\$61,302 for the period ended 31 December 2018). \$325,886 is included in trade and other receivables as amounts owing from subsidiary and associated portfolio companies (31 December 2018: \$323,420). At balance date, \$322,389 (31 December 2018: \$315,180) of related party receivables had been provided for in full.

**(b) Key management personnel compensation**

The key management personnel of the Company consists of the executive team including the three Executive Directors. In the six month period to 31 December 2019, key management personnel received employment or contractor benefits totalling \$221,545 (31 December 2018: \$542,382).

**(c) Convertible Notes**

During the reporting period, Mr Russell Yardley held 500,000 Convertible Notes, the terms of which are described in Note 7. The Convertible Notes were repaid in full during the reporting period.

**11 Commitments**

**Investments**

The Company had no commitments as a result of contractual agreements as at 31 December 2019 (30 June 2019: commitments of \$67,500 as a result of contractual agreements with the following companies):

	31 Dec 2019 (unaudited)	30 Jun 2019 (audited)
	\$	\$
Hapai Transfer Systems Limited	-	25,000
Hot Lime Labs Limited	-	42,500
	<u>-</u>	<u>67,500</u>

The cashflows associated with the above commitments are uncertain in timing and are dependent on the above named companies achieving certain milestones. Should agreed-upon milestones not be met, the Company is not obligated to invest.

**12 Contingencies**

**Contingent assets**

There were no contingent assets as at 31 December 2019 (30 June 2019: nil).

**Contingent liabilities**

There were no contingent liabilities as at 31 December 2019 (30 June 2019: nil).



**Powerhouse Ventures Limited**  
**Notes to the Interim Financial Statements**  
**For the six months ended 31 December 2019**

**13 Subsequent Events**

On 20 January 2020, the Company invested a further \$50,000 in HT Systems.

On 21 February 2020, the Company committed to a further investment in Ferronova of A\$5.50 preference shares totalling A\$175,000.

**14 Investments in portfolio subsidiaries and associates held at fair value through profit or loss**

Name of subsidiary or associate	Ownership interest	Nature of operations
2.2 GForce Limited (in liquidation)	100.0%	Delivers certified preventative, predictive and aftershock enduring solutions
Hapai Transfer Systems Limited	47.0%	Developed a range of low force lift and transfer devices to improve the mobility of frail patients.
Veritide Limited	44.0%	Uses optical fluorescent techniques for detection and identification of hazardous organisms.
Silventum Limited	41.2%	Novel nanochemistry technology developed at the University of Otago which confers dental filling materials with resistance to bacterial infection.
Photonic Innovations Limited	30.6%	Develops a laser spectroscopy-based gas detection system to identify gas leaks.
Ferronova Pty Limited	25.2%	Develops a medical device that helps in easier detection of cancers using magnetic tracers.
CertusBio Limited	24.1%	Development of biosensor solutions for dairy and other industries.
Deliveon Health Limited	21.9%	Develops personalised nutritional solutions based on high quality nutritional science and technology.

Fair value has been determined by reference to a number of quantitative and qualitative inputs. Primarily, milestone analysis has been utilised supported by recent capital transactions.

On 25 November 2019, the Company's Board resolved to liquidate 2.2 GForce Limited due to its failure to meet milestone obligations.



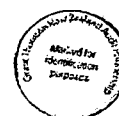
**Powerhouse Ventures Limited**  
**Notes to the Interim Financial Statements**  
**For the six months ended 31 December 2019**

**15 Investments in other entities held at fair value through profit or loss**

Name of other entity	Ownership interest	Nature of operations
Inhibit Coatings Limited	18.5%	Uses nanotechnology for environmentally friendly marine antifouling and antimicrobial coatings.
Fluent Scientific Limited	15.4%	Uses facial and verbal micro-expression analysis to enhance verbal and visual communication.
Auramer Bio Limited	12.6%	Provides novel chemical sensing technologies for small molecule and protein detection.
Objective Acuity Limited	12.0%	Developed a vision testing system to accurately and reliably detect visual function.
EdPotential Limited	11.8%	Provides software for schools to inquire into assessment data and improve achievement.
Hot Lime Labs Limited	11.3%	Developing CO2 capture systems for biomass boilers in order to supply commercial greenhouse growers with low-cost, renewable CO2
Modlar Limited	10.0%	Creator and distributor of Building Information Models (BIM) for use by architects and designers.
Avalia Immunotherapies Limited	9.7%	Develops vaccine and adjuvant technologies for the treatment of cancer, allergy and disease.
Hi-Aspect Limited	9.5%	Develops protein-based materials and products for the medical and lifesciences markets.
Cirrus Materials Science Limited	5.8%	Develops and licenses chemistry technologies and IP for novel coatings and surface finishing solutions.
Orbis Diagnostics Limited	5.0%	Developing in-line milking measurement for protein, fat, somatic cell and progesterone.
CropLogic Limited	2.4%	Provider of yield-predicting decision-support software for the agriculture sector.

All investments in other entities carry on their business in New Zealand only.

Ownership interest percentages are based on shares issued at the reporting date.





Powerhouse Ventures Limited  
Notes to the Interim Financial Statements  
For the six months ended 31 December 2019

16 Financial Instruments

Classification of financial assets and liabilities

	Amortised cost \$	Fair value through profit or loss \$	Total \$
<b>As at 31 December 2019 (unaudited)</b>			
<b>Financial assets</b>			
Cash and cash equivalents	1,801,353	-	1,801,353
Trade and other receivables	28,069	-	28,069
Investments	-	5,177,535	5,177,535
<b>Total financial assets</b>	<b>1,829,422</b>	<b>5,177,535</b>	<b>7,006,957</b>
<b>Financial liabilities</b>			
Trade and other payables	64,535	-	64,535
<b>Total financial liabilities</b>	<b>64,535</b>	<b>-</b>	<b>64,535</b>

**As at 31 December 2018 (unaudited)**

<b>Financial assets</b>			
Cash and cash equivalents	122,594	-	122,594
Trade and other receivables	56,455	-	56,455
Convertible notes in portfolio companies	-	40,000	40,000
Investments	-	7,541,168	7,541,168
<b>Total financial assets</b>	<b>179,049</b>	<b>7,581,168</b>	<b>7,760,217</b>
<b>Financial liabilities</b>			
Trade and other payables	125,787	-	125,787
Convertible notes	2,089,400	-	2,089,400
<b>Total financial liabilities</b>	<b>2,215,187</b>	<b>-</b>	<b>2,215,187</b>

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables and convertible notes have been determined to be their carrying value. This is due to these items being short term in nature.

*Fair value of investments held at fair value through profit or loss*

NZ IFRS 13 provides for a three-level fair value hierarchy that requires inputs to valuation techniques used to measure fair value, to be categorised as follows:

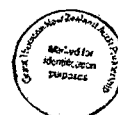
- Level 1 Inputs - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs - either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs other than quoted prices included in Level 1.
- Level 3 Inputs - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table analyses, within the fair value hierarchy, the Company's financial assets measured at fair value:

**As at 31 December 2019 (unaudited)**

*Financial assets designated at fair value through profit or loss*

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Available for sale investments	-	-	-	-
Held-to-maturity investments	-	-	-	-
Investments at fair value through profit or loss valued at last capital raise or liquidity event	-	-	5,177,535	5,177,535
Investments at fair value through profit or loss valued using observable quoted prices	-	-	-	-
<b>Total financial assets measured at fair value</b>	<b>-</b>	<b>-</b>	<b>5,177,535</b>	<b>5,177,535</b>



**Powerhouse Ventures Limited**  
**Notes to the Interim Financial Statements**  
**For the six months ended 31 December 2019**

**16 Financial Instruments (continued)**

**Classification of financial assets and liabilities (continued)**

As at 30 June 2019 (audited)

*Financial assets designated at fair value through profit or loss*

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Available for sale investments	-	-	-	-
Held-to-maturity investments	-	-	-	-
Investments at fair value through profit or loss valued at last capital raise or liquidity event	-	-	7,045,110	7,045,110
Investments at fair value through profit or loss valued using observable quoted prices	496,058	-	-	496,058
<b>Total financial assets measured at fair value</b>	<b>496,058</b>	<b>-</b>	<b>7,045,110</b>	<b>7,541,168</b>

Fair values of financial assets valued using level one inputs are determined by reference to quoted prices in an active market.

The below table provides information about how the fair values of financial assets valued using level three inputs have been determined.

Valuation methodology	Total value	Key inputs	Unobservable inputs	Sensitivity analysis
Price of recent investment supported by other qualitative and quantitative factors including milestone analysis	5,177,535	Price of recent investment, milestone achievement, impairment assessment, qualitative factors	Management's assessment of performance against milestones, impairment assessment where there are indicators of impairment and market and qualitative factors.	The greater the assessment of impairment, the lower the fair value.

The table below shows a reconciliation of fair value movements in Level 3 financial instruments.

*Investments at fair value through profit or loss*

	2019	2018
	\$	\$
<b>Opening balance as at 1 July (audited)</b>	7,045,110	10,928,677
Total unrealised fair value gains recognised in profit or loss	1,839,880	379,691
Total unrealised fair value losses recognised in profit or loss	(126,544)	(2,085,835)
Total fair value of investments purchased	171,426	172,041
Total fair value of convertible notes converted to equity	40,000	515,353
Total fair value of trade debtors converted to equity	12,000	42,223
Total fair value of investments disposed	(3,804,337)	(1,817,818)
<b>Closing balance as at 31 December (unaudited)</b>	<b>5,177,535</b>	<b>8,134,332</b>



## Independent Review Report

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### To the Shareholders of Powerhouse Ventures Limited

#### Report on the Interim Financial Statements

We reviewed the accompanying interim financial statements of Powerhouse Ventures Limited on pages 4 to 16 which comprise the interim statement of financial position as at 31 December 2019, and the interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the period then ended, and notes to the interim financial statements, including a summary of significant accounting policies.

#### Director's Responsibility for the Consolidated Interim Financial Statements

The directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with New Zealand equivalents to International Financial Reporting Standard 34: *Interim Financial Reporting* issued in New Zealand by the New Zealand Accounting Standards Board, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of interim financial statements that are free from material misstatement, whether due to fraud or error.

#### Our Responsibility

Our responsibility is to express a conclusion on the interim financial statements. We conducted our review in accordance NZ SRE 2410, *Review of Historical Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with New Zealand equivalents to International Financial Reporting Standard 34: *Interim Financial Reporting* issued in New Zealand by the New Zealand Accounting Standards Board. As the auditor of Powerhouse Ventures Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate and applying analytical procedures, and evaluates the evidence obtained.

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

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements on pages 4 to 16 do not present fairly, in all material respects, the interim financial position of Powerhouse Ventures Limited as at 31 December 2019, and its interim financial performance and interim cash flows for the period then ended, in accordance with New Zealand equivalents to International Financial Reporting Standard 34: *Interim Financial Reporting* issued in New Zealand by the New Zealand Accounting Standards Board.

### Restriction on use of our report

This report on the interim financial statements is made solely to the shareholders, as a body. Our limited assurance work has been undertaken so that we might state to the shareholders, as a body, those matters which we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Powerhouse Ventures Limited and its shareholders, as a body, for our work, for this report or for the conclusion we have formed.

### Grant Thornton New Zealand Audit Partnership



**Michael Stewart**  
Partner  
Christchurch

24/02/2020