

Powerhouse Ventures Limited

QUARTERLY REPORT

FOR THE 3 MONTH PERIOD ENDED 31 DECEMBER 2018



ASX Announcement
Powerhouse Ventures Limited
(ASX Code: PVL)

NZ Company Number: 1854396

ARBN: 612 076 169

31 January 2019

QUARTERLY ACTIVITIES REPORT
FOR THE 3 MONTH PERIOD ENDED 31 DECEMBER 2018



Portfolio Update

- ▲ Invert Robotics continues to demonstrate excellent progress and we are particularly delighted at how this company has validated the Powerhouse model. In the quarter to 31 December 2018 Powerhouse sold almost \$1m of Invert stock at an increased price of \$19.75 per share. Discussions are underway with a third party for the sale of the remaining \$2.8m of Powerhouse's Invert shares.
- ▲ Ferronova achieved a major technological breakthrough in December. This has opened the door for the company to commence a Series A capital raise in early 2019 which will result in a meaningful increase in the value of Powerhouse's holding.
- ▲ Cirrus Materials Science signed its first development licence in 2018 and plans to raise capital at an increased value in early 2019.
- ▲ AuramerBio pivoted successfully in 2018 to roadside drug testing and raised capital in December 2018 at an increased valuation.
- ▲ Mars Bioimaging continues to attract very positive media attention following the release of the first human colour images. We look forward to seeing the commercial opportunities that will arise from this tremendous achievement.

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

ASX: PVL

Issued Capital:

29.312m Fully Paid Shares

Key Personnel:

Mr Russell Yardley

Chairman and acting-CEO

Mr Geoff Gander

Exec Director

Registered Office:

158 Gloucester Street

Christchurch NZ

T: +61 418 586364

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).
- Powerhouse has implemented a successful cost-cutting strategy to limit cashburn over the past 4-5 months.
- Measured investment activity. Cash invested is accompanied by stringent conditions.



Targeted Impending Liquidity Events for portfolio companies

Investee Company	Current Status	Portfolio Impact
Invert	The company continues to deliver on its strategic plan. Discussions are underway for the sale of our remaining holding to a third party.	As at 31 December 2018, Invert comprises 25% of PVL's portfolio.
Mars	Discussions continue with interested parties for sale of Powerhouse stake in Mars.	As at 31 December 2018, Mars comprises 10% of PVL's portfolio.

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 portfolio investments will improve liquidity on completion.
- Stock price is trading significantly below published NTA.

Outlook

Directors advise that the recent reduction in operating costs, combined with proposed 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 investments.

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 assumptions regarding future events. Such forward-looking statements are not guarantees of future performance. They involve 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:

Russell Yardley

Chairman and acting-CEO

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Appendix

Portfolio Companies Featured in this Announcement

For details of portfolio companies not included below, please refer to our Annual Report posted to the ASX Announcements Platform (Powerhouse's ASX Code: "PVL").

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.



Ferronova

Ferronova is a cancer diagnostics company, developing magnetic probe and tracer systems for improved lymph node identification.

More than 40% of people will be diagnosed with cancer during their lifetime. Successful cancer treatment relies on accurate staging of how far, and where cancer has spread from a primary tumour. The lymphatic system is the primary pathway for the spread of most cancers.

Ferronova's system, consisting of a magnetic probe and injectable magnetic tracers, is able to less invasively, more quickly, and more accurately stage the spread of cancer resulting in better treatment, lower patient morbidity and reduced costs to the healthcare system.

Cirrus Materials Science

Cirrus Materials Science is a niche eco-science spin out from the University of Auckland that provides patented surface technologies to the global aerospace and electronics industry. As a research-oriented firm, Cirrus has a small, green footprint and exports weightless, environmentally friendly technology to manufacturers around the world.



AuramerBio

AuramerBio is a custom sensor development company. Its novel technologies allow accurate measurement of biologically relevant molecules at the point-of-testing. AuramerBio's technologies are being developed for application in drug and fertility testing.

The technology can be rapidly adapted to measure a wide range of targets in liquid samples (saliva, urine, blood, environmental water) providing access to a large number of future market opportunities. AuramerBio is developing both simple economic 'qualitative' dipstick tests and also more complex 'quantitative' digital devices with its industry partners



Mars Bioimaging

MARS Bioimaging is bringing 'colour' to medical x-ray imaging through its world-leading spectral x-ray computed tomography (CT) technology. This novel information enables exciting new opportunities for both clinicians and preclinical researchers to better understand health problems and develop new treatments.



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: 31 January 2019

Quarter Ended 31 December 2018

Statement of cash flows	Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	18	57
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(6)	(52)
(d) leased assets	-	-
(e) staff costs (i)	(475)	(864)
(f) administration and corporate costs	(341)	(1,066)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	(90)	(139)
1.6 Income taxes (paid) / received	-	-
1.7 Government grants and tax incentives	125	355
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(767)	(1,706)

(i) Includes \$169k one-off payments to terminated employees for holiday balances and settlements.

2. Cash flows from investing activities	Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	(185)	(345)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) business (see item 10)	-	-
(c) investments	992	1,930
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	807	1,585

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	-	-
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	-	-
3.6 Repayment of borrowings	(60)	(105)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material) ¹	-	-
3.10 Net cash from / (used in) financing activities	(60)	(105)

4. Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
4.1 Cash and cash equivalents at beginning of quarter/year to date	847	1,053
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(767)	(1,706)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	807	1,585
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(60)	(105)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	827	827

5. Reconciliation of cash and cash equivalents	Current quarter \$NZ'000	Previous quarter \$NZ'000
5.1 Bank balances	827	827
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter	827	827

6. Payments to directors of the entity and their associates

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

Includes all fees paid to two Executive Directors.
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Current quarter \$NZ'000
114
-

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

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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Current quarter \$NZ'000
-
-

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	-
9.4 Leased assets	-
9.5 Staff costs	75
9.6 Administration and corporate costs	430
9.7 Other (provide details if material)	-
- Investments in portfolio companies	220
- Repayment of convertible notes	2,200
9.8 Total estimated cash outflows*	2,925

*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:



(Financial Controller)

Date: 31 January 2019

Print name: Matthew Turnbull

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.

Contact Details

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