PUNAKAIKI FUND LIMITED

Annual Report

For the year ended 31 March 2016

22 August 2016

Table of Contents

Chairman's Report

Dear Shareholders

In the two years since Punakaiki Fund began we have grown from $1.5 million to $18.0 million in assets. Those early funds were invested in four companies and, by the end of the 2016 financial year, this has grown to fourteen companies. The number and diversity of our investments lowers the risk of the portfolio as we are no longer dependant on the performance of one or two companies for our returns.

Risk management has been one of the Board's three priorities since we were elected as new directors last year. Reporting about the risks in the portfolio are much more comprehensive than a year ago and these are thoroughly reviewed with Lance and Chris at every Board meeting.

Our second priority has been valuations. We have adopted the International Private Equity and Venture Capital Valuation Guidelines (IPEV) as our valuation standard. Your Board also regularly reviews the performance of each investment, and has written down the value of individual investments as and when warranted. We also treat our obligation to ensure that valuations are fair to both new and existing investors very seriously.

Over the financial year the Net Asset Value per share (after the deduction of the full performance fee and on a fully diluted basis) increased from $13.71 to $16.95, despite a market downturn in the value of SaaS companies near the end of the year. That says a lot about our ability to attract the best companies and the underlying aggregate growth across the portfolio.

Our third priority has been to build a stronger foundation of governance through the ongoing development of policies and practices. Some of this has been posted on our website as your Board is committed to provide existing and potential shareholders with transparency around how the company is governed. We consider these to be sufficient for now, although we expect these to further evolve and develop as we complete milestones towards a future IPO.

High-growth investing will always be subject to volatility, as we saw in the March quarter. We gain a lot of comfort knowing that over 90% of the portfolio's value is placed with companies that we believe are not required to raise more funds to survive. We do expect that many of them will choose to raise funds to accelerate growth, and we see further potential, outside of major market corrections, for future investment gains.

At a personal level I would like to thank and acknowledge Lance and Chris for both their efforts and the results they have achieved. We are confident in their abilities and appreciate the positive working relationship that has developed between them as our Manager and your Board over the past year.

Punakaiki Fund is in good shape for a busy and rewarding year ahead.

Mike Bennetts
Chairman

Manager's Report

It's wonderful to have the guidance and support of Mike Bennetts and fellow directors Bryan Hutchins and John Berry. They are asking the right questions, placing your interests at the centre of our meetings and have commitment to the fund. The board, including myself, includes the three largest shareholders, and that's a great way to ensure that shareholders are treated fairly.

This year we have increased the Net Asset Value by 194%, and the NAV/Share by 24% (on a fully diluted basis). There is plenty more work to do though, as we maintain our long term horizon and help (or observe) the companies in the portfolio rapidly grow.

We are delighted with the companies that we have invested into. At the end of March 2016, the period covered by this report, Punakaiki Fund held 14 investments, up from 9 a year earlier. We also reinvested into Boardingware, Influx, Weirdly, Onceit, Melon Health and Raygun. Since the year end we have placed funds with Populate, LineWize, Agtract and New Zealand Artesian Water (NZAW).

That last investment, into NZAW, signals our affirmation that we are here to invest in growth companies, and while we certainly have strengths in the high-tech space, we also see and can help great companies across a large number of sectors.

We have a compelling portfolio with four of the fourteen companies showing annualised revenues for the fourth quarter of FY16 of over $10 million, and over half the companies were at an annualised rate of over $1 million.

Chris and I are risk averse – and we seek investments that are just that, and not gambling that one or two companies out of a large portfolio will win. We expect every company to win, but likewise we expect every company to experience tough times. I find myself saying "that's normal" to founders who are experiencing these gyrations, while maintaining a long term perspective allows us a lot of comfort that we are performing well.

Year on year, if we add all the last quarter revenues up and weight by our equity stakes then the aggregate year on year quarterly revenue growth rate was almost 69%. We expect these rates to change, generally to fall, as our portfolio changes and as the companies mature, but those larger and slower growing companies are generally a lot more secure.

Meanwhile if we weight the revenue by our equity stakes then the portfolio showed over $6 million annualised in the March 2016 quarter and $7 million, excluding our new investments, in the June 2016 quarter.

There are, amazingly, over 35 founders and many more staff and board members in the now 18 companies we have invested into. We had a good percentage of founders and some senior staff in a room before the High-Tech Awards in Auckland this year and it was obvious to all what a wonderful group it is. We seem to have invested in good people – people who we trust with not just our money, but with our reputations, people who are kind, share with other founders and give back to the community. People who are business people – driving hard to grow and creating lasting meaningful jobs. They are a good mix of genders, ethnicity, age, location and experience and we celebrate that constantly. They are all learning and have all demonstrated time and again they are worthy of the trust we have placed in them.

Let's not stop here. The demand from the high growth community in New Zealand is stronger than ever, and we continue to be overwhelmed with high quality opportunities.

We continue to strive to be the fund of choice for founders, and see that founders and CEOs are central to great investment opportunities that will give great returns for investors, so we will look to raise and raise again before our proposed IPO in the next 18-36 months.

Lance Wiggs
Director and Manager

Highlights

For the 2016 Year

Raised $7.926 million

- $1.830 million from the exercise of 100% of the June 2015 Options
- $2.000 million from Crowd Funding Investors in June 2015
- $0.912 million from Private Investors in June 2015
- $0.942 million from the exercise of the September 2015 Options (72.9% exercised)
- $2.242 million from Private Investors in December 2015

Invested $7.310 million (including Vend share issue)

- ThisData – 10.9%
- Influx (follow-on investment) – now 25.2%
- EverEdgeIP Global – 4.8%
- Redseed (second tranche) – now 12.00%
- Boardingware (follow-on investment) – now 28.6%
- Vend – 2.1%
- Weirdly (follow-on investment) – now 29.5%
- Onceit (option exercise) – now 25.6%
- Mobi2Go – 11.0%
- Melon Health (follow-on investment) – now 19.0%
- Mindfull – 20.0%
- Raygun (follow-on investment) – now 6.3%

Booked a Revaluation Gain of $3.668 million

- Net expenses for the financial year (excluding accrued performance fees and revaluation gains, but including brokerage) of $0.459 million
- Cash at the end of the financial year of $1.437 million

Since March 2016

Invested $1.150 million

- Populate – 9%
- Linewize – 8%, with another 12% committed to make 20%
- NZ Artesian Water – 11.8%, with options to 20%
- Agtract – 17.6% with options to 29%

Between April 2014 and July 2016

Raised $12.1 million + Vend shares = $12.8 million

492 shareholders

Invested = $11.9 million

18 companies, 30 separate tranches

Revaluation gain = $5.9 million

Total Asset Value = $18.05 million

Average value/company = $1 million

Investments

The Fund currently holds shareholdings in the following businesses, which have combined annualised quarterly revenues of over $60 million as of June 2016.

Shareholding: **2.1%**

First Investment: **Aug 2015**

Vend provides cloud-based point-of-sale software which includes ecommerce, inventory, customer loyalty and analytics.

Shareholding: **24.0*%**

First Investment: **Jun 2014**

Vibe Communications is an Internet Service Provider that provides wholesale and corporate telecommunication services. (* including Punakaiki Fund's interest in treasury shares)

Shareholding: **6.3%**

First Investment: **Apr 2014**

Raygun creates developer tools including crash and error reporting, and real user monitoring.

Shareholding: **25.6%**

First Investment: **Feb 2015**

Onceit is an on-line daily deal site selling high end New Zealand designer fashion. Onceit is profitable and pays dividends.

Shareholding: **4.7%**

First Investment: **Jun 2014**

Timely provides appointment booking services to beauty salons, hairdressers, spas, consultants and personal trainers.

Shareholding: **28.6%**

First Investment: **Feb 2015**

Boardingware helps boarding schools manage their students' movements and pastoral care using a SaaS product.

Shareholding: **11.0%**

First Investment: **Oct 2015**

Mobi2go helps food service businesses sell more by adding an ordering function to their marketing website.

Shareholding: **19.0%**

First Investment: **Dec 2014**

Melon Health gives chronic disease patients on-line platforms with the tools, support and information to help manage their condition.

Shareholding: **4.8%**

First Investment: **Jul 2015**

EverEdge IP helps companies drive growth and create wealth from intangible assets. They are the world's premier IP strategy firm.

Shareholding: **10.9%**

First Investment: **Apr 2015**

ThisData is provides secure login services for SaaS companies.

Shareholding: **20.0%**

First Investment: **Dec 2015**

Mindfull resells, implements and supports IBM's TM1 business intelligence software along with its own supporting software.

Shareholding: **29.5%**

First Investment: **Feb 2015**

Weirdly helps companies that actively recruit people to find better applicants through the use of innovative software.

Shareholding: **12.0%**

First Investment: **Mar 2015**

RedSeed helps large retailers train their staff by combining training videos with a SaaS Learning Management System.

Shareholding: **25.2%**

First Investment: **Jun 2014**

InfluxHQ is a provider of software for gym owners and their clients to manage and self-manage their classes respectively.

Shareholding: **9.0%**

First Investment: **May 2016**

Populate helps companies collaboratively plan and track their hiring plans using a SaaS-based platform.

Shareholding: **8.0%**

First Investment: **Jun 2016**

Linewize provides a SaaS product that enables teachers and schools to gain visibility and control over Internet use in the classroom.

Shareholding: **11.8%**

First Investment: **Jun 2016**

New Zealand Artesian Water bottles and exports water under both its own E'stel brand (bottled) and third party brands (boxed).

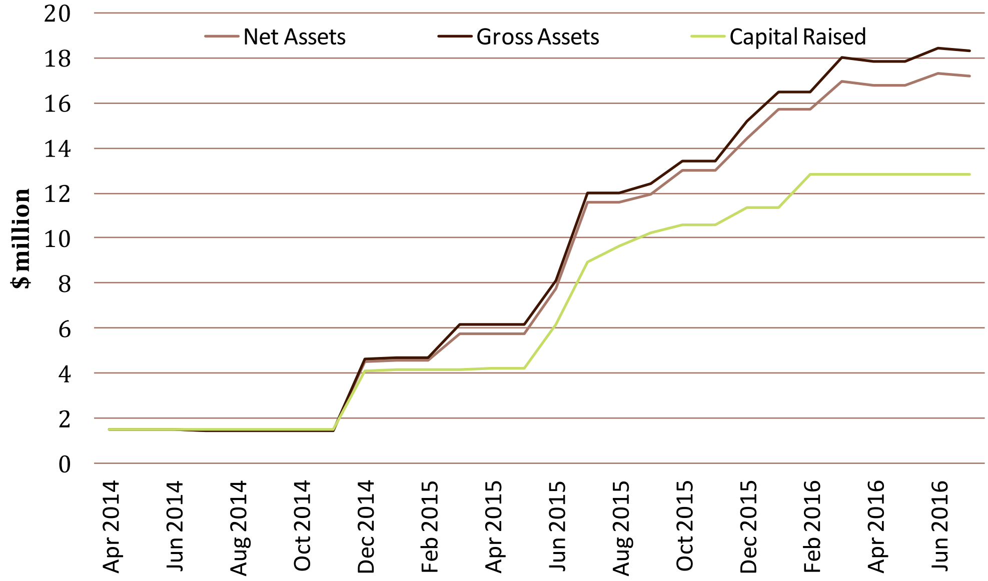
Shareholding: **17.6%**

First Investment: **Jul 2016**

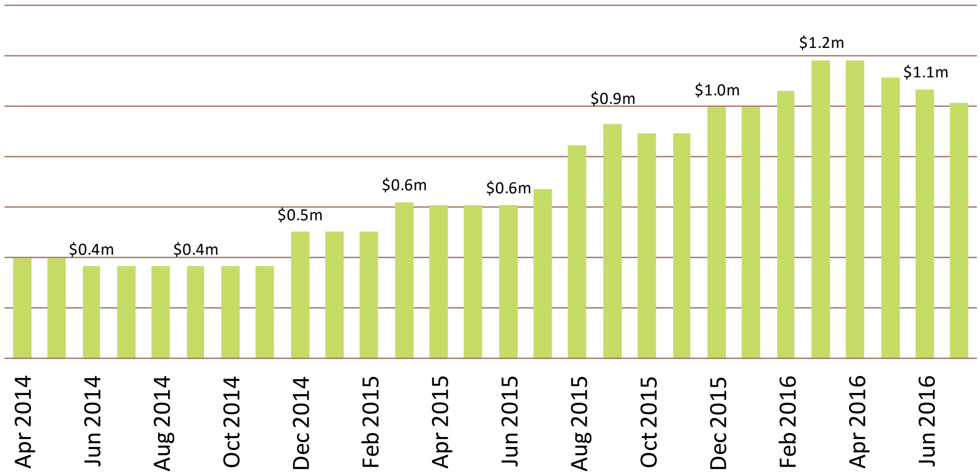
Agtract provides a SaaS product for agricultural contractors that assists with tracking jobs and invoicing.

Selected Charts

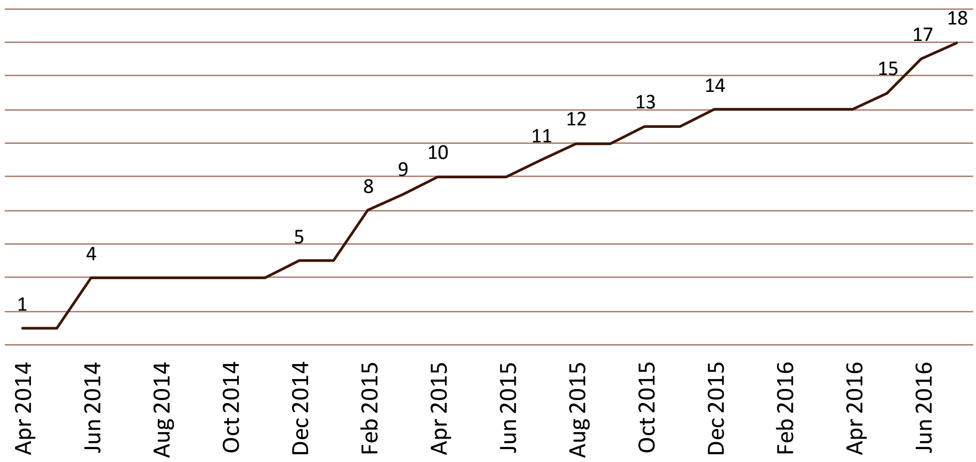
NAV and Funds Raised



Average Carrying Value per Investment



Number of Investments



2016 Timeline

Investments	Month	Fund events
Investment – Melon Health Investment – Weirdly Investment – Onceit	February 2015	
Investment – Boardingware	March 2015	
Investment – Redseed (Tranche #1) Investment – Revert	April 2015	
	May 2015	
	June2015	
Investment – EverEdgeIP Global Investment – Redseed (Tranche #2) Investment – InfluxHQ	July 2015	June Options - Raised $1.830m Share Offer - Raised $2.912m
Investment – Boardingware Investment – Vend	August 2015	
	September 2015	2015 Annual Report released
Investment – Weirdly Investment – Onceit (Option Exercise)	October 2015	Inaugural AGM Appointment of full Board
Investment – Mobi2Go (Tranche #1)	November 2015	
	December 2015	
Investment – Melon Health (Rights Issue) Investment – Mindfull	January 2016	Share Offer - Raised $2.242m
Investment – Mobi2Go (Tranche #2)	February 2016	
Investment – Raygun	March 2016	
	April 2016	Anti-money Laundering Audit
Investment – Populate	May 2016	
	June 2016	Financial Audit
Investment – Linewize Investment – New Zealand Artesian Water Investment – Agtract	July 2016	
	August 2016	

Timely

Shareholding at 31 March 2016: ***4.66%*** ***Date of First Investment:*** ***June 2014***

Timely provides appointment booking services to beauty salons, hairdressers, spas, consultants and personal trainers, and we view them as a copybook SaaS company in the spirit of Xero and Vend. The company was founded by Ryan Baker and Andrew Schofield in December 2011 and since then has grown significantly, now boasting staff spread across a number of different locations including its headquarters in Dunedin.

Punakaiki Fund led Timely's second external investment round, investing for an initial 4.71% stake in the company, subsequently diluted slightly through issue of shares to an investor/director.

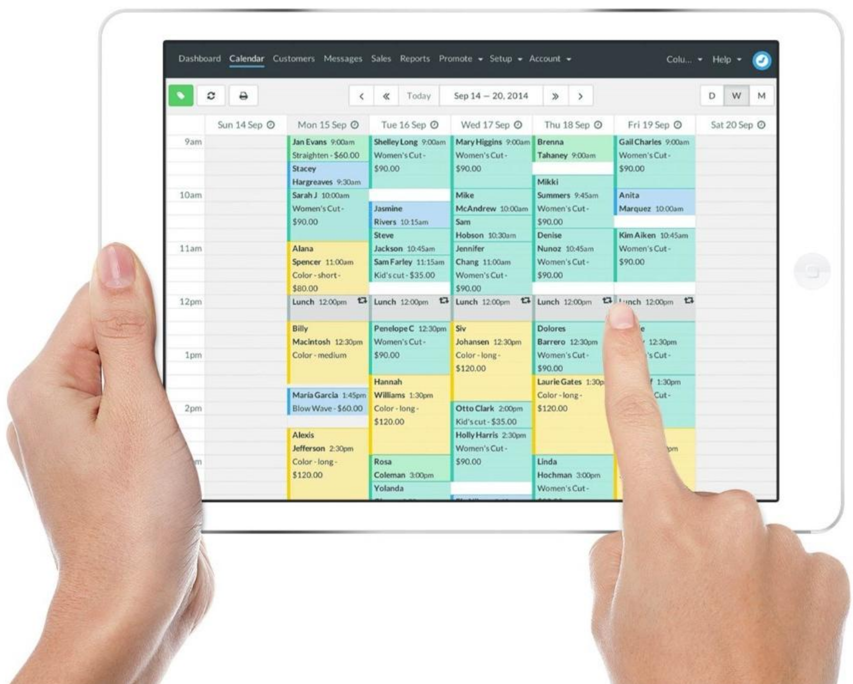
In April 2015 Timely purchased its United Kingdom distributor in a small cash and shares deal. This transaction further diluted Punakaiki Fund's interest in Timely to 4.66%.

Since Punakaiki Fund's investment, Timely has continued to grow strongly and achieve significant milestones including:

- Showing continued strong revenue growth and more than tripling revenues;
- Releasing an iPhone/iPad app, that has been favourably received and downloaded and installed on thousands of devices;
- Receiving a Highly Commended award in the Start-up category in the New Zealand Hi-Tech Awards in both 2014 and 2015 and a finalist in the 2016 Innovative Hi-Tech Software Product category;
- Winning the Deloitte Fast 50 Rising Star Award (Otago and Lower South Island) in both 2014 and 2015;
- Winning the Emerging Business Award at the OBIZ awards;
- Winning the Rising Star award at the Microsoft NZ Partner Awards; and
- Being exclusively selected by the NZ Association of Registered Beauty Therapists to promote to their members and also winning an account with a large chain of retailers.

Timely is a very highly regarded company amongst the early stage community, with second-time round founders, a high performing team and a focus on simplicity and usability for their end users.

www.gettimely.com



Vibe Communications

Shareholding at 31 March 2016: ***23.95%**** ***Date of First Investment:*** ***June 2014***

Vibe Communications (Vibe) is an Auckland based wholesale Internet Service Provider that provides telecommunication services to businesses in New Zealand, Australia, Asia and the USA. They have a strong technical reputation and use their networking, development & procurement and deal-making skills to provide high quality, automated services to other carriers, ISPs and ICT service providers. They are sometimes compared to an early version of Australia's Vocus Communications, which is now listed on ASX Limited (the operator of the Australian Securities Exchange), but are branching out into new areas. Vibe's "just make it work" approach to deliver customers high quality, high speed connections has seen the company grow quickly in recent years, and we expect this growth to continue.

Punakaiki Fund was the first external investor in Vibe, investing twice in 2014 for a total 25.00% stake.

In June 2015, Vibe Communications purchased an Australian group of companies (RackCentral) for a share and cash deal, issuing 5% of new equity to do so; and in November 2015 repurchased then CEO Rudi Hefer's 4.8% shareholding, which is currently held as treasury stock . Following these transactions Punakaiki Fund's headline shareholding in Vibe is currently 22.82%, or 23.95% once the dilutionary impact of the treasury stock is eliminated.

Vibe has continued to grow strongly since our investment. Highlights since our investment include:

- Placing 34th in the 2014 Deloitte Fast 50 and 189th in the 2014 Deloitte Technology Fast 500 Asia Pacific index (with 252% revenue growth over the previous two years) and just missing out on the top 50 in 2015 but placing 186th in the 2015 Deloitte Technology Fast 500 Asia Pacific index (with 186% revenue growth);
- Acquiring RackCentral and CloudIO, providers of hosting and cloud services, with clients including BHP Billiton, Coca-Cola and CA Technologies;
- Launching IntelliPath in Australia in partnership with NextGen. IntelliPath is a product that allows inter-data centre connections to be established within minutes, and signing a deal with a large Australian telecommunications player; and
- Engaging John Wiggs, Punakaiki Fund manager Lance Wiggs' brother, to assist with the launch of Intellipath in Australia (John has subsequently been retained by Vibe in a permanent role).

During the December 2015 quarter one of Vibe's wholesale customers, Intagr8, was placed into liquidation. The bad debt loss to Vibe as a result of Intagr8's failure was moderate, however a number of Intragr8's old customers migrated to Vibe.

Vibe is a very fast growing yet substantial company, with extraordinary medium term prospects in Australia with the Intellipath and NextGen relationship.

Lance Wiggs is a director of Vibe Communications. Transactions involving John Wiggs have been conducted at arm's length and/or with the involvement of Chris Humphreys.

* Including Punakaiki Fund's interest in treasury shares.

www.vibecommunications.co.nz

Raygun

Shareholding at 31 March 2016: ***6.32%*** ***Date of First Investment:*** ***April 2014***

Raygun Limited (Raygun) was founded by John-Daniel Trask and Jeremy Boyd as a provider of Microsoft developer tools in 2007. In 2013 growth accelerated with the launch of their Raygun.io product, a dev-ops tool that automatically tracks errors and crashes in applications across a wide range of platforms including PCs, the web and mobile devices. Raygun helps companies find errors faster, and fix them more quickly, by aggregating errors and telling them the exact line of code where the software error occurred, and new product Raygun Pulse tracks user behaviours across platforms.

The company was renamed from Mindscape to Raygun in the 2016 financial year.

Punakaiki Fund invested in Raygun's first external investment round for a 5.26% stake in the company, becoming Raygun's largest external investor. Raygun raised additional capital in December 2015 / January 2016, when Punakaiki Fund invested to increase its shareholding to 6.32%. Punakaiki Fund was the joint-largest investor in the round alongside ex-Infratil executive Lib Petagna.

Raygun is continuing along a strong growth trajectory, including:

- Raygun.io's monthly revenue increasing more than 5x from when Punakaiki Fund made its initial investment;
- The recent capital raising implied a valuation uplift of 4x on Punakaiki Fund's initial investment;
- The development and recent release of Raygun Pulse, which is a new approach to real user monitoring;
- Winning the Hi-Tech Innovative Software Product of the Year category in 2014 and the Hi-Tech Start-up Company of the Year in 2015;
- Being awarded a substantial grant from Callaghan Innovation;
- Established offices and hiring in the United States; and
- Raygun.io processing its ten billionth error.

The Raygun team winning at the 2015 New Zealand Hi-Tech Awards.

www.raygun.com

Influx

Shareholding at 31 March 2016: ***25.18%*** ***Date of First Investment:*** ***June 2014***

InfluxHQ Limited (Influx) is a Wellington based provider of software for gym owners to run their gyms – offering the “simplest fitness business software.” Gyms can have demanding customers, often with the content of classes changing from class to class and day to day. Influx solves this problem by providing all-of-business software that can be easily used by the gym owners on a smart phone or tablet without the need for specialist technical knowledge.

Influx was co-founded by Scott Mayo, who worked on Influx for a year and a half before our investment, and brings years of experience from developing software for Les Mills International - the world's leading provider of gym programs.

Punakaiki Fund initially acquired 18.33% of the company as part of a “friends and family” round, and reinvested in July 2015, increasing its shareholding to 25.18%

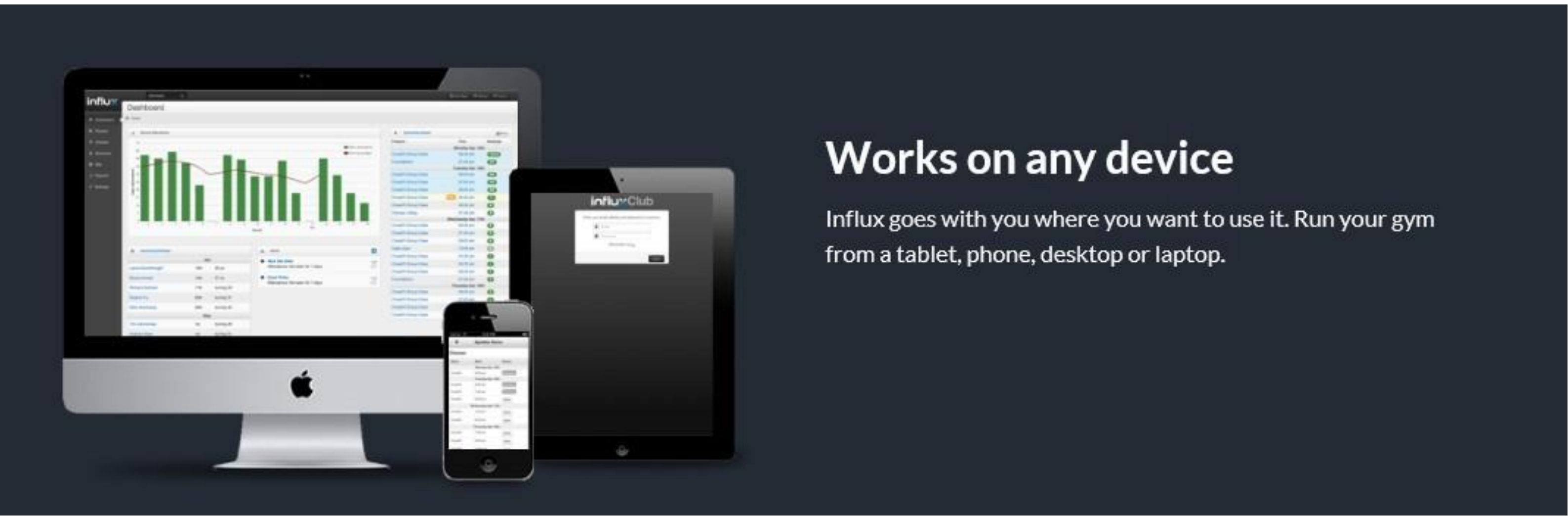
Influx is still at a very early stage of its growth path, however recent highlights include:

- A significant increase in paid customer numbers;
- Signing a deal with Wellington City Council for Freyberg pool;
- Adding significant functionality to the product; and
- Securing agreements with Influx’s integrated payment providers for a transaction referral fee payable to Influx for all transactions entered through Influx providing an additional revenue stream.

Influx went through a period of consolidation during the financial year where the focus shifted from sales to improving the software and adding necessary functionality. During this period Influx’s sales person was let go and the business’ revenues suffered. However the consolidation was successful and Influx was rewarded by increasing sales and is now very close to a break-even position.

Lance Wiggs is a director of Influx.

www.influxhq.com



Melon Health

Shareholding at 31 March 2016: ***19.026%*** ***Date of First Investment:*** ***February 2015***

Melon Health is a clinically proven patient-centric platform as a service business, providing patients (the end users), medical professionals and supporters with web and mobile applications. The service, which integrates with other patient care applications, helps with tracking, remote monitoring, behaviour change and provides peer and professional support to patients. In particular, the service helps patients with chronic diseases, which can be controlled but not cured. These diseases account for 75% of dollars spent on healthcare, so reducing costs and improving patient outcomes is the challenge Melon Health is taking on and delivering. It is a huge challenge, but Melon Health is showing results and the potential is large.

The paying customers are very large businesses and government organisations that operate in the medical/health/life science sector. These are large sales that take significant time, professionalism and credibility to land. Melon Health's customers so far include two of the world's largest pharmaceutical companies, an insurance company, health promotion agencies, a medical research institute and a cancer diagnostic company. As such, this is a much lumpier revenue business than some of the others we have invested in, but the larger deal sizes that Melon Health is targeting make it worthwhile. It is also important to note that generally speaking, Punakaiki Fund would normally steer away from the medical field, due to the high development costs and risks, but Melon Health's platform is software, not a device, and so is compliant with all of the key regulators like the FDA.

Punakaiki Fund first invested in Melon Health in February 2015, taking an initial 13.86% shareholding (after dilution from the implementation of Melon Health's Employee Share Ownership Plan and Techstars' investment). The round was also participated in by K1W1. In December 2015, Melon Health undertook a rights issue to shareholders which was fully subscribed for, with Punakaiki Fund and K1W1 jointly taking up all rights not subscribed for by other shareholders. Punakaiki Fund now holds a 19.02% shareholding in Melon Health.

Melon Health has demonstrated how impressive its products are and continues to demonstrate traction in its market, including:

- Being selected for a partnership program at the Mayo Clinic;
- Completion of the very complex and security and privacy focussed procurement process for a large US health care provider, unlocking the path to commencing a pilot (since signed);
- Winning the Inaugural Callaghan Innovation Healthtech Award for Best Start-up;
- Being selected as a finalist in the Health Technologies category for the first-ever SXSWV2V Venture competition (based in the US); and
- Participating in Techstars' Sprint Accelerator in Kansas City, KS.

Near the end of the financial year, Melon Health's New Zealand pilot for pre-diabetes patients produced some outstanding results, including very high rates of patients losing weight (94%), reducing HbA1C (a diabetes marker – 91%), reducing BMI (Body Mass Index – 94%) and reducing waist measurements (87%). In addition, 78% of patients no longer have pre-diabetes and 59% of patients now have normal blood pressure. The benchmark hurdle for excellence for these results are improvement in the order of 20%, proving once again the efficacy of Melon Health's core products.

Lance Wiggs is a director of Melon Health.

www.melonhealth.com

Weirdly

Shareholding at 31 March 2016: ***29.46%*** ***Date of First Investment:*** ***February 2015***

Weirdly helps companies that actively recruit people to find better applicants, and reduces the effort required to manage those applicants. While there are a number of recruitment management systems that already exist, Weirdly adds a cultural fit layer to the front end of the process where instead of launching directly into the application and resume/c.v. sending process, job candidates first are posed a series of questions through Weirdly.

The questions help filter candidates into those who are more or less likely to fit in. Results to date show about a third of applicants are self-filtering out of the process without submitting the survey and the remaining applicants are easy to group and sort by cultural fit, with the normal recruitment processes taking over thereafter.

The product is well put together, the process is simple and fun for recruiter and applicant alike and the demand from recruiters is strong. Weirdly increasingly incorporates expert psychologist assistance, especially for enterprise customers, to ensure the resulting questionnaire is based on sound theory.

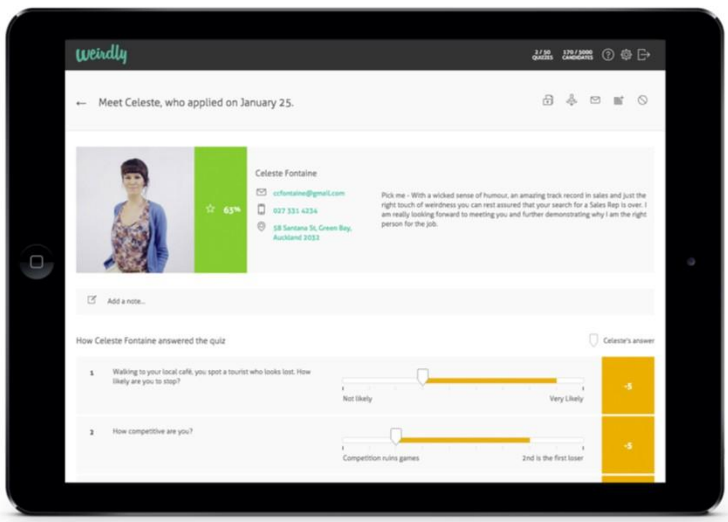
The four founders are led by CEO Dale Clareburt, who with Simon Martin has transitioned to Weirdly from a recruitment agency that they founded, bringing deep knowledge and industry connections. Keren Phillips, responsible for marketing and Hayden Raw, head of product, were part of a design and digital strategy agency. Kirsty Grant, former Head of Talent for Vend and founder of Populate.io is also a shareholder and on the board of directors with Dale Clareburt.

Weirdly continues to grow both in the New Zealand market and offshore, securing a number of large customers including well-known New Zealand brand names.

During 2015, Weirdly won the Emerging New Zealand Innovator category of the 2015 New Zealand Innovators Awards, and was also a finalist in the Information Communications Technology and Cloud Solutions category.

Lance Wiggs is a director of Weirdly.

www.weirdlyhub.com



Boardingware

Shareholding at 31 March 2016: ***28.57%*** ***Date of First Investment:*** ***February 2015***

Boardingware helps boarding schools manage their students' movements and pastoral care, replacing stacks of paper, email trails and other cumbersome systems. It allows students, boarding masters and parents to easily request, approve and track absences, such as weekend leave. It also records events, discipline issues and positive feedback on students, making those reports a lot easier to compile.

Created by Paul Organ and Kurt Meyer (Kurt was a boarder at an Auckland school), the SaaS application is narrowly targeted at a global niche. Boardingware's relatively young team understands the boarding master, student and parent requirements very well, and the product is constantly evolving.

The global niche for boarding schools is pretty narrow, but it is certainly large enough to build a significant business.

Boardingware is growing very rapidly, and they are winning in head to head competitions with their only competitor, who appear to be struggling with their founder leaving the business recently.

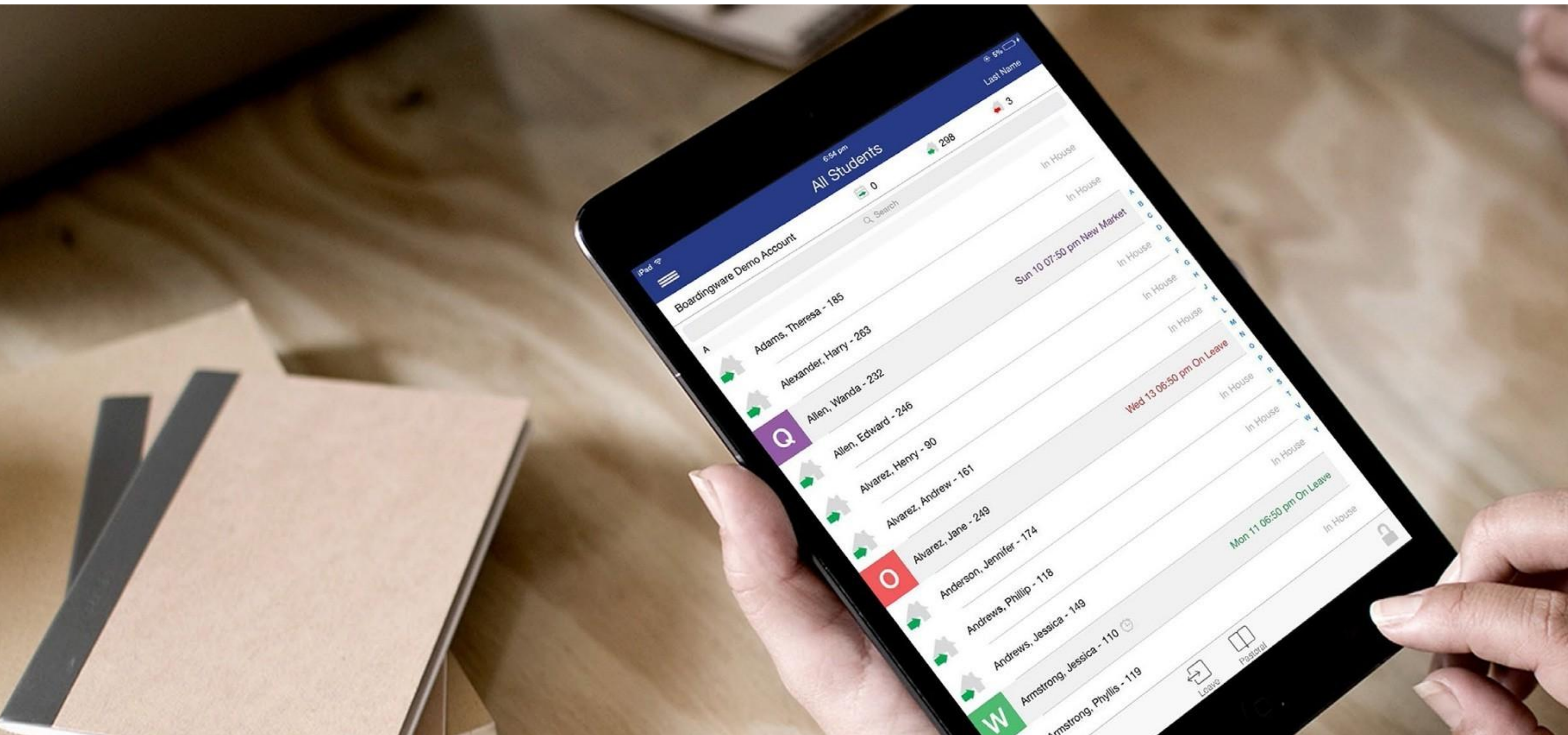
Boardingware now has staff in both the USA and the UK, each an important market for the company. The company continues to evolve the product to assist these markets, and include some of the world's greatest schools in their client base.

The newer features include school-wide management (for large schools with multiple boarding houses), advanced information filtering capabilities, Insights (an analytics feature that gives schools the ability to aggregate all the data they're recording through Boardingware to see trends in student leave, pastoral and roll activity) and an iOS application for staff .

Punakaiki Fund acquired a 16.67% shareholding in the company in Boardingware's first external round in February 2015 and followed this with an additional investment in July 2015, increasing its shareholding to 28.57%.

Lance Wiggs is a director of Boardingware.

www.boardingware.com



Onceit

Shareholding at 31 March 2016: ***25.63%*** ***Date of First Investment:*** ***February 2015***

Onceit is an on-line daily-deal site selling high end New Zealand designer fashion at wholesale prices. Onceit is well known to many in their primary target market - women between 18 and 35 in New Zealand - and they had, at the end of the year, over 315,000 members, of which close to 100,000 were active in the three months to the end of March 2016.

The company sells goods to customers through daily sales, largely taking money up front, sending the orders to suppliers at the end of each sale and paying the suppliers on normal business terms. This business model means that the company has the ability to grow without seeking external working capital. A key advantage that Onceit has is its ability to look after merchants, with the higher quality designers enjoying the exclusivity and brand protection that comes with Onceit not selling lower end goods.

Jay Goodey, the founder and CEO, and his buying and merchandising team are able to keep the quality of the items offered for sale high, while ensuring that those product prices are attractive. Jay has an eye for fashion and deals, and runs the business from an office in Newmarket and a warehouse in Avondale.

Onceit's growth has been very strong and they placed 7th in the 2013 Deloitte Fast 50 and 48th in the 2014 Fast 50. They continue to grow apace, recording several new monthly sales records during the year, and are now actively seeking to increase stock on hand so that orders can be dispatched on the same day.

Punakaiki Fund purchased its initial 15.63% shareholding in the form of existing shares from the three founders; Jay Goodey, Keri Henare and Craig Boxell. In September 2015, Punakaiki Fund increased this to 25.63% when it exercised an option it held over additional existing shares.

In late 2015 Simon West, ex CEO of Ezibuy and current CEO of Max Fashions, joined the Onceit Board and became a 10% shareholder by purchasing existing shares from Onceit CEO Jay Goodey and founder Craig Boxall (this did not dilute Punakaiki Fund shareholding).

During the financial year, Punakaiki Fund received two dividends from Onceit, totalling $79,688 plus imputation credits, representing a gross yield of well over 10% on Punakaiki Fund's investment, all while Onceit continues to grow strongly.

Lance Wiggs is a director of Onceit.

www.onceit.co.nz

Designer Rummage Rack

Lioness Best Sellers

All About Eve Frenzy

Best of Watches Pre-Sale

RedSeed

Shareholding at 31 March 2016: ***12.00%*** ***Date of First Investment:*** ***March 2015***

RedSeed helps large retailers and suppliers train their staff by combining professionally created custom training videos with a SaaS Learning Management System. The engagement of the trainee and the coach in a customised feedback loop positively changes behaviour and sales culture. They are experts at helping increase sales performance of staff members, and their clients include The Briscoe Group, Fletcher Building, Warehouse Stationery, 2degrees, Icebreaker and RD1 and a number of other NZX-listed companies. RedSeed's online centric approach and proprietary knowledge reduces the amount of administration and improves consistency of training inputs, yet puts the coaches and the company in control.

RedSeed have long-term relationships with their clients, with well over half of the local large retailers using the system. With the operational side of the business able to scale relatively easily, the main challenge at hand is expanding their international sales. RedSeed have an office in Sydney, and see significant latent demand in Australia as well as the US.

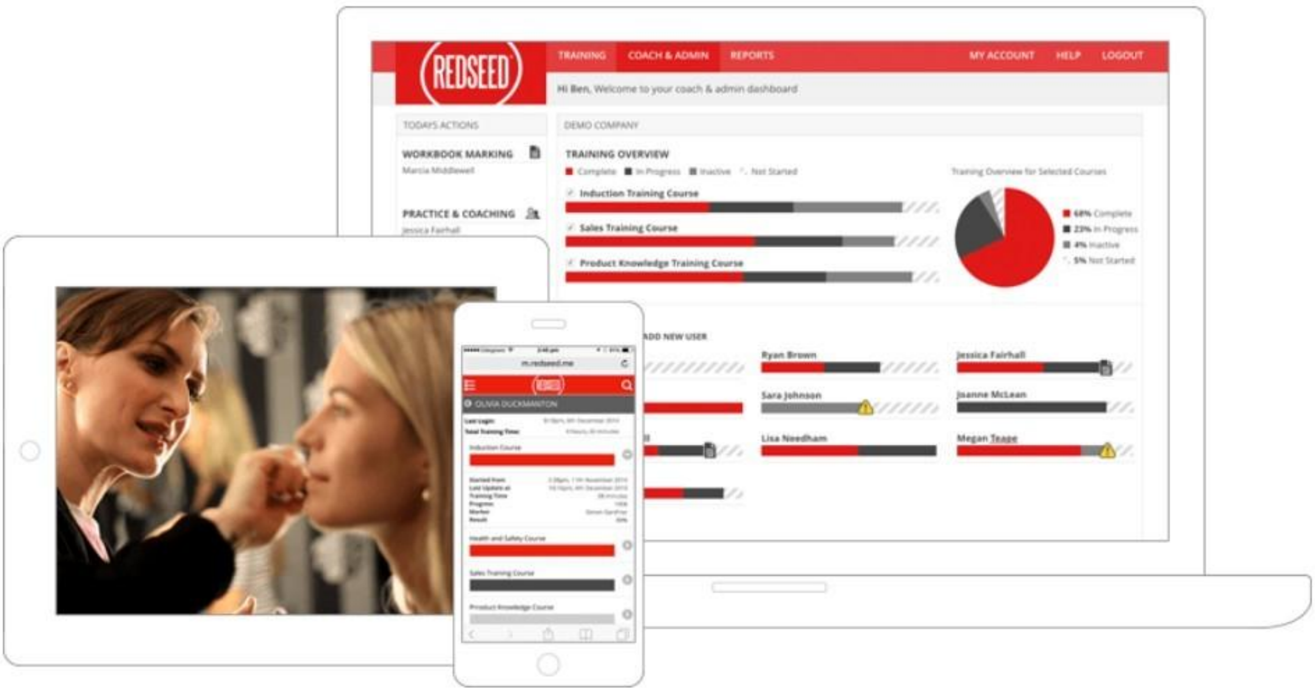
The primary founder and CEO is Anya Anderson, who is supported by co-founder Glen Duffield.

Towards the end of the financial year Shaun Ryan, founder of SLI Systems and with considerable experience in marketing SaaS systems to large retailers, joined the meetings of the board of directors, and agreed to become a director.

Punakaiki Fund purchased 12% of the company in a two-tranche investment in March 2015 and July 2015.

Lance Wiggs is a director of RedSeed.

www.redseed.training



ThisData

Shareholding at 31 March 2016: ***10.86%*** ***Date of First Investment:*** ***April 2015***

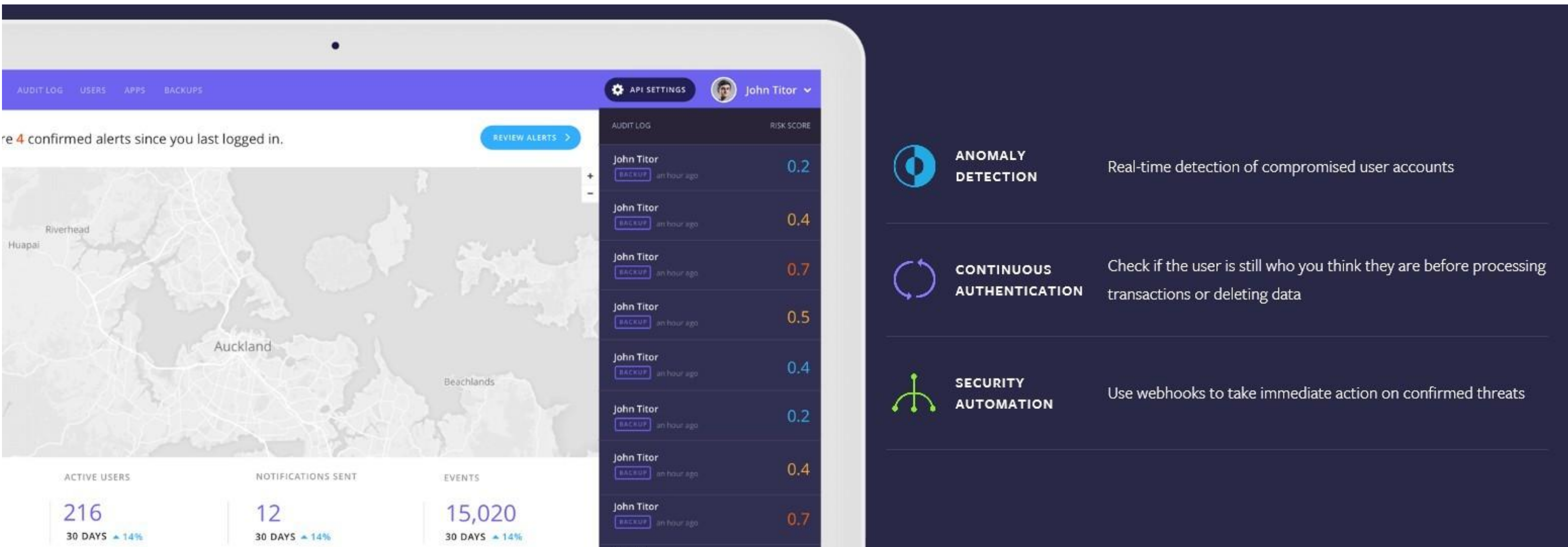
ThisData is a data protection and cyber security company. The company began by offering a cloud-based backup service, then pivoted into shadow IT discovery features and finally into providing a login anomaly detection and continuous authentication. The login anomaly detection service builds on the highly technical research and work required to build the back-up and cloud security services, giving the company a large advantage versus alternatives. This service has been developed into a saleable product and ThisData is now focusing on generating sales.

The login intelligence system checks when a user logs into a SaaS product and tests for anomalies such as logins from new operating systems or devices, tor usage or logins from anomalous locations. Suspicious locations are flagged and blacklist (or whitelist) country filters can be applied. ThisData can also calculate login velocity – the speed the users would have had to travel from the location of their last login in order to login at their current location. Unreasonably high velocities indicate a potential third party logging into the system. When high-risk logins are detected, ThisData can send a message by email or SMS asking "was this you?" System administrators are also alerted so they can pre-empt further unauthorised activity. The Login Anomaly Detection service was launched late in the financial year with good levels of interest to date from SaaS companies.

ThisData was founded by Rich Chetwynd and Nicole Fougere, who were also the founders of Litmos, a learning management system for enterprise clients. Litmos was subsequently sold to NASDAQ listed CallidusCloud, and following the sale, and after two years Rich and Nicole retuned to New Zealand from San Francisco with invaluable experience. The result was ThisData, which was started in April 2014, and took on investment from a very strong group of investors and advisors in June 2014.

Punakaiki Fund invested in ThisData during its April 2015 capital raising round, resulting in a 10.86% shareholding. Other investors in the round were principally the same investors as in the June 2014 round.

www.thisdata.com



EverEdgeIP Global

Shareholding at 31 March 2016: ***4.78%*** ***Date of First Investment:*** ***July 2015***

EverEdgeIP is an intangible asset specialist providing advisory and transaction services to corporations and government agencies. They help identify, manage and generate value from intangible assets, and have more top 300 IP strategists than any other firm globally. They continue to grow significantly since the fundraising in June 2015, when they had already completed over 800 engagements.

Their intangible property advice goes well beyond patents, and includes brand, content, data, confidential information and new technology. EverEdgeIP operate separately from law and patent attorney firms and focuses on providing independent advice around how to commercialise intangible property and how this ties into broader business strategies rather than the mechanics of filing patents. The consulting work also includes outsourced management of intellectual property portfolios and research for investors, and the company is rapidly expanding to serve demand.

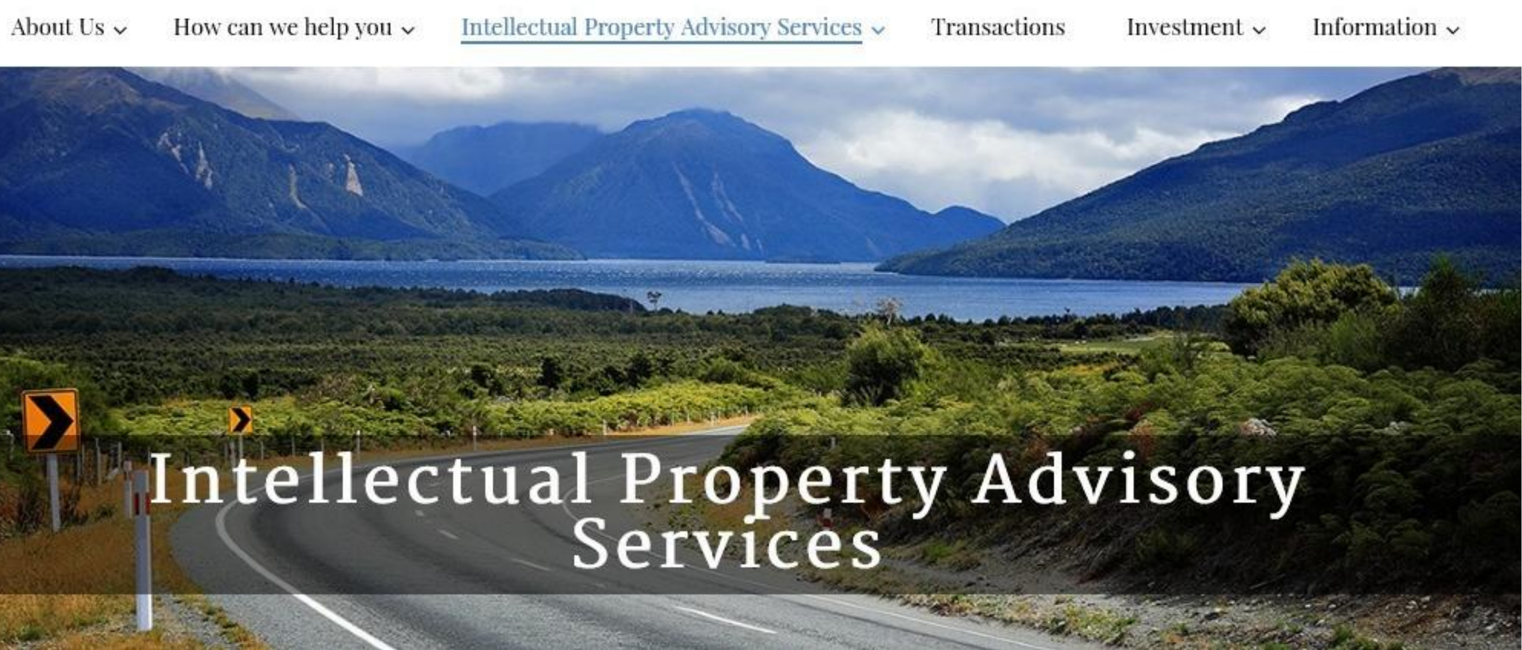
The second arm of their business is transaction services, where EverEdgeIP acts as a broker for entities to buy and sell intellectual property. These deals are potentially very large for the clients, and EverEdgeIP is generally compensated through commission. EverEdgeIP are intent on leading the global market in this rapidly expanding space.

Punakaiki Fund invested in EverEdgeIP Global during its July 2015 capital raising round, with Punakaiki Fund's investment resulting in a 4.78% shareholding. Other investors in EverEdgeIP Global include Bruce Sheppard, Sir David Levene's Lewis Holdings, Simon Poidevin (from Australia's Bell Potter) and Sir Ralph Norris. Founder Paul Adams retains a 61.3% shareholding.

Since March 2016 partner of McKinsey & Co and former venture capital fund partner Vincent Tobkin joined the EverEdgeIP Board. Meanwhile the company has also developed and is releasing a series of SaaS offerings.

Lance acts as chair of the board of directors for EverEdgeIP Global.

www.everedgeip.com



Vend

Shareholding at 31 March 2016: ***2.15%*** ***Date of First Investment:*** ***August 2015***

Vend provides cloud-based point-of-sale, inventory management, ecommerce and customer loyalty software to help retailers deliver multi-channel commerce. Vend's software is trusted by retailers in over 140 countries and is used in more than 15,000 stores worldwide (prices today range from $59 to over $279 per month.) Founded in 2010, Vend has offices in Auckland (HQ), Melbourne, San Francisco, Toronto and London.

The company has grown rapidly, and has substantial revenue. It has achieved much in its short history, including high placings in the Deloitte Fast 50 (4th in 2014 and 7th in 2015) and winning Hi-Tech and other awards. It is often mentioned alongside Xero in discussions about the new generation of New Zealand software success stories. We believe that Vend is an exemplar of the sort of company that Punakaiki Fund targets for investment.

While Punakaiki Fund has held its shareholding in Vend for less than a year, it has made significant progress in that time. Recent highlights include:

- Significant new features added to Vend's platform including cash management, gift cards, user permissions and advances in Xero integration;
- Founder Vaughan Rowsell stepping down as CEO and assuming the role of Chief Product Officer;
- Former CFO Alex Fala (ex McKinsey and Trade Me) being appointed as the new CEO;
- David Wilson and Sam Morgan appointed to the Board, with Barry Brott as Chair;
- Vend passing through a significant period of restructuring including reducing the size and locations of its workforce before and after the investment round; and
- Winning the Fastest Growing Technology Business award for the Auckland and Upper North Island region in the Deloitte Fast 50 Regional Awards and placing 7th in the Deloitte Fast 50 itself, including being the fastest growing company in the technology category; and
- Becoming a finalist in the 2016 NZ Hi-Tech awards for Innovative Hi-Tech Software Product.

In mid-2015 Vend restructured and raised additional capital. This gave Punakaiki Fund the opportunity to invest at what we considered to be a good price. As part of this investment, Punakaiki Fund also acquired Lance Wiggs' shares in Vend in exchange for Punakaiki Fund shares. This transaction was put to a shareholder vote, with well over the limit of 75% of each of the shares and the shareholders voting in favour.

Punakaiki Fund now holds 2.15% of Vend joining other shareholders such as Point Nine Capital, Square Peg Capital, David Wilson (director), Sam Morgan (director), Milford Asset Management, Valar Ventures (Peter Thiel), former Chair Rowan Simpson and Craig Winkler.

www.vendhq.com

Mobi2Go

Shareholding at 31 March 2016: ***11.02%*** ***Date of First Investment:*** ***October 2015***

Mobi2Go helps food service businesses sell more by adding an ordering function to their marketing website. Customers can order their food and beverages online and either pick up in person at the restaurant, or, in some cases, arrange delivery. Mobi2Go integrates with many POS systems which generally send the order directly to the kitchen. The customer can then turn up at the restaurant and pick up their food (which has their name on it), having already paid for it on-line and at a time of their choice. Mobi2Go both saves time for the customer and increases same-store sales, often by 20% within three to six months of launching, without the need for the restaurant to add front of house staff.

Mobi2Go is expanding rapidly and has customers in Australasia, Europe and the United States, with offices in Wellington and Melbourne. Customer numbers are climbing rapidly as Mobi2Go signs up both new chains and individual restaurants. To date, Mobi2Go:

- has processed over $228 million of orders;
- has processed over 6 million orders from 1.4 million customers;
- receives 80% of orders from return customers; and
- has had an estimated 18% of all New Zealanders use the platform to order.

CEO Tarik Mallett comes from a hospitality background. He worked in his parents' cafes in his teenage years, before starting his professional career as a Manager in the cyber crime team at PwC, then founding Mobi2Go in 2011. Since then, Tarik and the small, frugal but very professional Mobi2Go team put together systematic processes for product development and selling, and following Punakaiki Fund's investment have greatly expanded capacity to extend the product and expand into local and offshore markets.

Punakaiki Fund invested in October 2015, taking an 11.02% shareholding across two tranches (the second tranche was paid in February 2016). Concurrently with this investment, John-Daniel Trask (CEO of Raygun, another Punakaiki Fund investment) was appointed as an independent director to Mobi2Go's board.

www.mobi2go.com

Seamless Website Ordering

Create a webpage for your restaurant
Add online ordering to your existing website
Let customers order from your Facebook page

Mindfull

Shareholding at 31 March 2016: ***20.00%*** ***Date of First Investment:*** ***December 2015***

Mindfull Group specialise in business analytics, providing software and consulting to hundreds of clients, including some of New Zealand's largest companies. They have consultants based in Auckland, Wellington and Portland, who help companies with financial performance management, predictive analytics and data warehouse solutions. Most of their consulting and software sales business is built around IBM's Cognos TM1, a budgeting, planning and reporting tool for medium (large in NZ terms) sized businesses.

Mindfull have also developed software that extends the TM1 platform, most importantly QUBEdocs, an automated documentation tool sold globally. QUBEdocs allows CFOs to have comfort that their model is a correct reflection of their intent and to audit any changes. It also allows companies to more easily migrate to IBM's TM1 cloud product. QUBEdocs is mainly being marketed to very large enterprises in the USA.

Mindfull also provide local sales and consulting services for WhereScape, a New Zealand developed and created data warehouse automation tool that is gaining global traction.

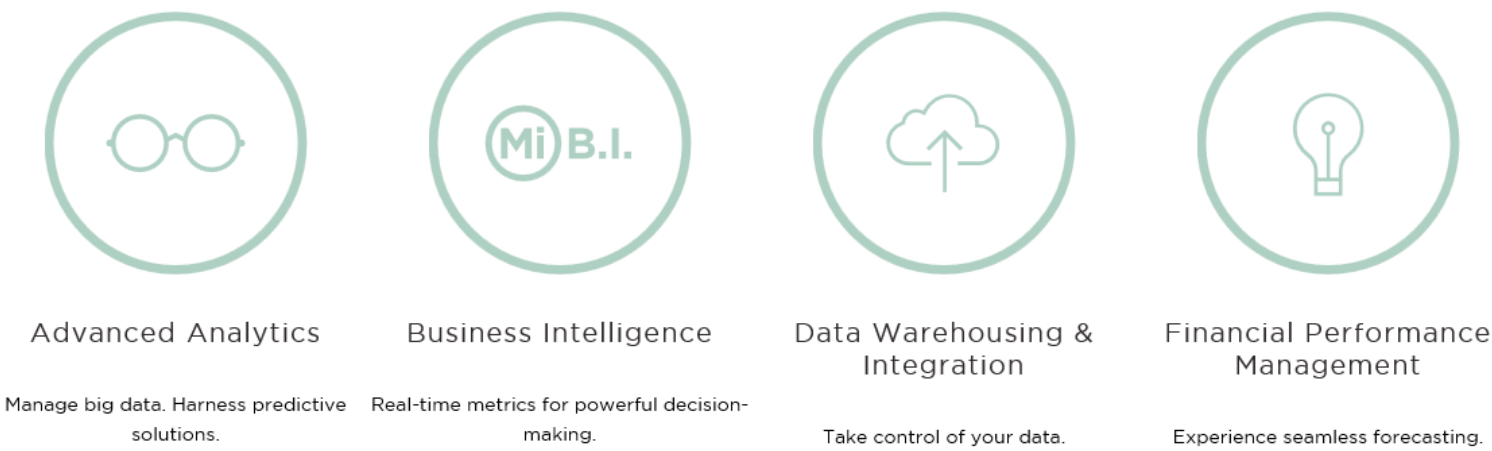
Mindfull is run by wife and husband team Belinda Johnson (CEO) and Richard Johnson (CTO). Belinda has been involved with Mindfull (formerly Cortell NZ) for the last thirteen years and has led significant growth in the business including the growth in staff numbers to over 40.

Mindfull are a very professional firm, delivering high value solutions to their clients, and their growth since the investment in December 2015 has been strong.

Punakaiki Fund, at the end of March 2016, held 20% of the shares in Mindfull Group.

Lance Wiggs is a director of Mindfull Group.

www.mindfull.nz



Director's Statement and Statutory Information

FOR THE PERIOD ENDED 31 MARCH 2016

The Board of Directors (the Board) is pleased to present the Annual Report of Punakaiki Fund Limited, incorporating the financial statements for the year ended 31 March 2016.

Principal Activity of the Company

The principal activity of the Company is investment.

Directors' Holding Office

The persons listed below held the office of director of Punakaiki Fund as at 31 March 2016. No other person held office as a director of Punakaiki Fund during the 12-month period ending 31 March 2016.

- Michael John Bennetts
- John Charles Berry
- Bryan Simpson Hutchins
- Graeme Lance Turner Wiggs

Directors' Remuneration

Punakaiki Fund Limited - Directors' Remuneration		NZ$
Director	**2016**	**2015**
Michael John Bennetts	2,500	-
John Charles Berry	2,875	-
Bryan Simpson Hutchins	2,500	-
Graeme Lance Turner Wiggs	-	-
Total	**7,875**	**-**

The remuneration set out in the table above sets out the directors' fees received by the directors. Bryan Hutchins also received $448 in reimbursements for out of pocket travel costs associated with his directors' duties. No other directors receive any other payments or benefits in their role as director.

Directors' Shareholdings

Punakaiki Fund Limited - Directors' Shareholdings - 2016				
	Beneficial Interest		Non-beneficial Interest	
Director	Ordinary Shares	September 2016 Options	Ordinary Shares	September 2016 Options
Michael John Bennetts	42,000	2,000	-	-
John Charles Berry	8,200	1,000	-	-
Bryan Simpson Hutchins	61,400	6,000	-	-
Graeme Lance Turner Wiggs	62,070	-	-	-
Total	**173,670**	**9,000**	**-**	**-**

Punakaiki Fund Limited - Directors' Shareholdings - 2015				
	Beneficial Interest		Non-beneficial Interest	
Director	Ordinary Shares	June 2015 Options	Ordinary Shares	June 2015 Options
Graeme Lance Turner Wiggs	8,100	4,000	-	-
Total	**8,100**	**4,000**	**-**	**-**

As at the date of this Annual Report, no changes to the number of shares and options set out in the table above have occurred since Punakaiki Fund's 31 March 2016 balance date.

Lance Wiggs' shareholding in both 2015 and 2016 include a partial interest in 100 shares held by Lance Wiggs Capital Management

Use of Company Information

No member of the Board of the Company issued a notice requesting to use information received in their capacity as a director which would not otherwise have been available to them.

Directors' Relevant Interests

The following are relevant interests of the Company's Directors as at 31 March 2016:

Michael John Bennetts:

- Director of Auckland Iron Works Limited
- Director of The New Zealand Refining Company
- Director of Harbour City Property Investments Limited

John Charles Berry

- Director and Shareholder of AccentOne Management Limited
- Director and Shareholder of Pathfinder Asset Management Limited

Bryan Simpson Hutchins

- Director and Shareholder of Phaben Holdings Limited

Graeme Lance Turner Wiggs:

- Director and Shareholder of Lance Wiggs Capital Management Limited
- Director of InfluxHQ Limited
- Director of Vibe Communications Limited
- Director of Weirdly Limited
- Director of Onceit Limited
- Director of Boardingware International Limited

- Director of Melon Health Limited
- Director of RedSeed Limited
- Chairman of EverEdgeIP Global Limited
- Director of Mindfull Group Limited
- Director of Linewize Limited (appointed after March 31, 2016)
- Director of Linewize Solutions Limited (appointed after March 31, 2016)
- Director of New Zealand Artesian Water Limited (appointed after March 31, 2016)

- Practitioner for the NZTE Better by Capital programme (potentially advising companies prior to investment by Punakaiki Fund)
- Member of the Return on Science Physical Sciences Committee
- Chairman of the Return on Science ICT Committee
- Councillor for InternetNZ (resigned July 30, 2015)

- Shareholder of Vend Limited (until 14 August 2015 when the shares in Vend were acquired by Punakaiki Fund)

- Lance Wiggs' brother, John Wiggs, was retained by Vibe Communications after the balance date. He also performed unpaid work for Vibe Communications before the balance date.

Employees

The Company had no employees who received remuneration and benefits in excess of $100,000.

Auditors

Punakaiki Fund's external auditor is Ernst & Young, who were appointed by shareholders at the 2015 annual meeting in accordance with the provisions of the Companies Act 1993. The fee for the audit of the financial statements contained within this Annual Report is $23,000 excluding GST.

Donations

No donations were made in the period.

Shareholders

Set out in the table below is a list of Punakaiki Fund's twenty largest shareholder and their respective holdings of Punakaiki Fund securities at as 31 March 2016.

Punakaiki Fund Limited - Top Twenty Shareholders - 31 March 2016		
Shareholder	**Ordinary Shares**	**% of Class**
Graeme Lance Turner Wiggs	61,970	6.19%
Phaben Holdings Limited	61,400	6.13%
Michael John Bennetts & Karen Allanah-Maree Bennetts	42,000	4.19%
Mark John Boyle	30,700	3.07%
Phizzy Limited	25,000	2.50%
James Bremner Trust Nominees Limited	20,000	2.00%
Krassimir Nikolov Modkov	20,000	2.00%
Clarence Mervyn Hislop	17,800	1.78%
Todd Reynal Stevens	16,000	1.60%
Malcolm John Wade	16,000	1.60%
Ikey Investments Limited	15,000	1.50%
David Dromer	13,970	1.39%
John Joseph Mooney & Elvere Nina Mooney	12,000	1.20%
David Paul Dippie, Joanne Elizabeth Dippie & Bramwell Grossman Trustees Limited	11,500	1.15%
Tina Louise Helg	11,000	1.10%
Wayne Kennerley	10,000	1.00%
Patrick North	10,000	1.00%
Graham William McEwan, Fiona Jane McEwan & David Walthall	9,600	0.96%
Kerry Bruce Burke & Rachael Amelia Burke	9,000	0.90%
Peter Thomas Fenton	9,000	0.90%
Top 20 Shareholders	**421,940**	**42.13%**
Remaining Shareholders	579,526	57.87%
All Shareholders	**1,001,466**	**100.00%**

Directors' Responsibility Statement

The directors are responsible for ensuring that the financial statements present fairly in all material respects the financial position of Punakaiki Fund as at 31 March 2016 and its financial performance and cash flows for the period ended on that date.

The directors consider that the financial statements of Punakaiki Fund have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The annual report and financial statements presented on pages 32 to 45 are signed for and on behalf of the Board and were authorised for issue on the date set out below.

Michael John Bennetts, Director

Graeme Lance Turner Wiggs, Director

Independent Auditor's Report

Building a better working world

Chartered Accountants

To the Shareholders of Punakaiki Fund Limited

Report on the Financial Statements

We have audited the financial statements of Punakaiki Fund Limited on pages 32 to 45 which comprise the statement of financial position of Punakaiki Fund Limited as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible on behalf of the entity for the preparation and fair presentation of the financial statements, in accordance with New Zealand Equivalents to International Financial Reporting Standards with Reduced Disclosure Requirements, and for such internal control as the directors determine is necessary to enable the preparation of 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 the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we have considered the internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity'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 overall presentation of the financial statements.

Building a better working world

Chartered Accountants

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

Other than in our capacity as auditor we have no relationship with, or interest in, Punakaiki Fund Limited.

Partners and employees of our firm may deal with the company on normal terms within the ordinary course of trading activities of the business of the company.

Opinion

In our opinion, the financial statements on pages 32 to 45 present fairly, in all material respects, the financial position of Punakaiki Fund Limited as at 31 March 2016 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards with Reduced Disclosure Requirements.

Emphasis of Matter

We draw attention to Note 3.1.1 to the financial statements which describes the inherent uncertainty and difficulty in measuring the fair value of early stage unlisted investments. Note 4 to the financial statements provides details of the valuation approach and techniques taken to valuing the portfolio of investments. Our opinion is not qualified in respect of this matter.

Other Matter

The financial statements of Punakaiki Fund Limited for the year ended 31 March 2015 were not audited.

Ernst + Young

22 August 2016

Auckland

Financial Statements

Punakaiki Fund Limited
Statement of comprehensive income
for the year ended 31 March 2016

	Notes	**Year ended 31/03/2016 (Audited) $'000**	**Year ended 31/03/2015 (Unaudited) $'000**
Interest Income	5	19	11
Change in fair value of investments	4	3,753	2,122
Accrued Performance Fees	9.3	(644)	(391)
Management Fees	9.1	(251)	(50)
Insurance		(24)	-
Consulting and Accounting Expenses		(19)	-
Legal Expenses		(12)	(2)
Other		(10)	-
Profit before tax		2,812	1,690
Income tax expense	6.1	-	-
Profit for the year and total comprehensive income		2,812	1,690

These financial statements are to be read in conjunction with the accompanying Notes

Punakaiki Fund Limited
Statement of financial position
at 31 March 2016

	Notes	31/03/2016 (Audited) $'000	31/03/2015 (Unaudited) $'000
ASSETS			
Current assets			
Cash and bank balances	10	1,437	544
Resident Withholding Tax receivable		10	-
Total current assets		1,447	544
Non-current assets			
Investments	4	16,570	5,592
Total non-current assets		16,570	5,592
Total assets		18,017	6,136
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable		12	-
Total current liabilities		12	-
Non-current liabilities			
Performance fee payable	9.3	290	110
Total non-current liabilities		290	110
Total liabilities		302	110
Capital and reserves			
Issued capital (net of transaction costs)	7.1	12,467	4,054
Share based payment reserve	7.2	746	282
Retained earnings	7.3	4,502	1,690
Total equity		17,715	6,026
Total equity and liabilities		18,017	6,136

These financial statements are to be read in conjunction with the accompanying Notes

Punakaiki Fund Limited
Statement of changes in equity
for the period ended 31 March 2016

	Share capital $'000	Share based payment reserve $'000	Retained earnings $'000	Total $'000
(Unaudited)				
Balance at 1 April 2014	-	-	-	-
Profit for the year	-	-	1,690	1,690
Total comprehensive income for the year	-	-	1,690	1,690
Contributed capital	4,179	-	-	4,179
Transaction costs	(125)	-	-	(125)
Share based payments in relation to performance fee	-	282	-	282
Balance at 31 March 2015	4,054	282	1,690	6,026
(Audited)				
Balance at 1 April 2015	4,054	282	1,690	6,026
Profit for the year	-	-	2,812	2,812
Total comprehensive income for the year	-	-	2,812	2,812
Contributed capital	8,651	-	-	8,651
Transaction costs	(238)	-	-	(238)
Share based payments in relation to performance fee	-	464	-	464
Balance at 31 March 2016	12,467	745	4,502	17,715

These financial statements are to be read in conjunction with the accompanying Notes

Punakaiki Fund Limited
Statement of cash flows

for the period ended 31 March 2016

	Notes	Period ended 31/03/2016 (Audited) $'000	Period ended 31/03/2015 (Unaudited) $'000
Cash flows from operating activities			
Interest received		14	11
Dividend received		86	-
Payments to suppliers		(53)	(2)
Management Fees		(251)	(50)
Resident Withholding Tax refunded/(paid)		(5)	-
Net cash (used in)/generated by operating activities		(209)	(41)
Cash flows from investing activities			
Payments to acquire Investments		(6,586)	(3,469)
Net cash (used in)/generated by investing activities		(6,586)	(3,469)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		7,926	4,179
Payment of transaction costs on issue of equity instruments		(238)	(125)
Net cash used in financing activities		7,688	4,054
Net increase in cash and cash equivalents		893	544
Cash and cash equivalents at the beginning of the year		544	-
Cash and cash equivalents at the end of the year	10	1,437	544

These financial statements are to be read in conjunction with the accompanying Notes

Punakaiki Fund Limited
Notes to the financial statements
for the year ended 31 March 2016

1 General information

Punakaiki Fund Limited ('Fund' or 'Company') is a company incorporated in New Zealand and registered under the Companies Act 1993. The Company was incorporated on 10 April 2013. The company is an investor in early stage, fast growing businesses. These financial statements are for the year to 31 March 2016. The comparatives presented in the financial statements are unaudited.

2 Significant accounting policies

2.1 Statement of compliance and reporting framework

The Company has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). The Company qualifies for NZ IFRS (RDR) as it does not have public accountability and it is not a large for-profit public sector entity. The Company has elected to apply NZ IFRS (RDR) and has applied disclosure concessions.

2.2 Basis of preparation

The Company is an investment entity as defined in NZ IFRS 10 - *Consolidated Financial Statements.* The Company has the key characteristics of an investment entity including:
(a) obtaining funds from investors for the purpose of providing those investors with investment management services
(b) committing to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
(c) measuring and evaluating the performance of substantially all of its investments on a fair value basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of NZ IFRS 2, leasing transactions that are within the scope of NZ IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in NZ IAS 2 or value in use in NZ IAS 36.

The Company's estimation of fair value is based on the International Private Equity and Venture Capital (IPEV) Guidelines published by the IPEV Board. The IPEV guidelines set out both valuation principles and methods, along with guidance in respect of the application of the IPEV Guidelines. The three broad valuation approaches in the IPEV Guidelines are:

Market Approaches:
1. Price of Recent Investment (based on most recent Material Investments into the firm);
2. Multiples (either revenue or earnings);
3. Industry Valuation Benchmarks (such as value per subscriber);
4. Quoted Investments (for listed investments where an active market exists);

Income Approaches:
5. Discounted Cash Flows - Underlying Business (the projected future free cash flow to the firm, discounted at that firm's WACC);
6. Discounted Cash Flows - From an Investment (the projected future distributions to shareholders, discounted at firm's cost of equity); and

Replacement Cost Approach:
7. Net Assets (the value of a firm's assets, rather than a firm's business).

The principal accounting policies adopted by the company are set out below.

2.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.4.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.4.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.4.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.4.4 Goods and services tax

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

- where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST (The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

2.5 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.5.1 Investments

The Company's Investments are designated as financial assets at Fair Value Through Profit and Loss (FVTPL) upon initial recognition.

The investments are managed and performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the investments is provided internally on that basis.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Change in fair value of Investments' line item. Fair value is determined in the manner described in note 2.2 and note 4.

2.6 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2.6.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

2.7 Share-based payment arrangements

2.7.1 Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 9.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

3.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1.1 Fair value measurements and valuation processes

The Company's investments are measured at fair value for financial reporting purposes. Valuations are undertaken by the Manager of the fund, Lance Wiggs Capital Management Limited (LWCM), reviewed, adjusted and ultimately approved by the Board. Further detail on the valuation approach and techniques adopted is provided in Note 4. The Board acknowledges the inherent uncertainty and difficulty in measuring the fair value of early stage unlisted companies.

4 Investments in Unlisted Equity Instruments

The Company has equity investments in a portfolio of early stage unlisted companies recognised at $16.570 million (2015: $5.592 million). These investments are accounted for as financial assets at fair value through profit or loss. During the period, a net gain of $3.753 million (2015: $2.122 million) was recognised through profit and loss for these assets. Dividends received from these investments during the year were recognised as part of the net gain recognised in profit and loss. The following tables give information about the Company's holdings and how the fair values of these investments are determined (in particular, the valuation technique(s) and inputs used). All of the following investments are level three in the fair value hierarchy.

Ownership Summary	**2016**			**2015 (unaudited)**		
	Shares Held	**Total Shares**	**Fund %**	**Shares Held**	**Total Shares**	**Fund %**
Boardingware International Limited [1]	400,000	1,400,000	28.6%	200,000	1,200,000	16.7%
EverEdgeIP Global Limited [1]	600,000	12,562,702	4.8%	-	-	0.0%
InfluxHQ Limited [1]	182,491	724,881	25.2%	110,001	600,200	18.3%
Melon Health Limited (Social code) [1]	347,822	1,828,527	19.0%	256,150	1,573,131	16.3%
Mindfull Group Limited [1]	327	1,635	20.0%	-	-	0.0%
Mobi2Go Limited	14,198	128,783	11.0%	-	-	0.0%
Onceit Limited [1]	25,625	100,000	25.6%	15,625	100,000	15.6%
Raygun Limited (Mindscape)	501,445	7,939,930	6.3%	400,000	7,608,333	5.3%
RedSeed Limited [1]	144	1,200	12.0%	50	1,250	4.0%
ThisData Limited (Revert.io)	280,804	2,585,165	10.9%	-	-	0.0%
Timely Limited	63,647	1,365,670	4.7%	63,647	1,356,170	4.7%
Vend Limited	672,178	31,360,522	2.1%	-	-	0.0%
Vibe Communications [1, 2]	1,264	5,540	22.8%	1,264	5,263	24.0%
Weirdly Limited [1]	85,187	289,187	29.5%	46,629	250,629	18.6%

[1] Lance Wiggs, a director of LWCM and the Company is also a director of these companies.

[2] Does not reflect the Company's pro-rata interest in 263 Vibe Communications shares held as treasury stock. When this treasury stock is excluded, the Company's shareholding in Vibe Communications is 24.0%.

4 Investments in Unlisted Equity Instruments (continued)

Fair value as at 31 March 2016

Investment Type	Valuation technique(s) and key input(s)	Fair value ($)
1) Substantial & fast growing - Vibe Communications - OnceIT - Vend - Mindfull	Earnings multiple, or Revenue Multiple, or Transaction Evidence	$7.890 million
2) Well-established businesses - Raygun (Mindscape) - Timely - Melon Health (Social code) - RedSeed - Mobi2Go - Everedge IP	Market value on acquisition, or Transaction Evidence, or Revenue Multiple	$6.460 million
3) Early Stage - Boardingware - Weirdly - InfluxHQ - ThisData (Revert.io)	Revenue Multiple, Net Assets (modified)	$2.220 million
Total Investment at fair value		**$16.570 million**

Fair value as at 31 March 2015 (unaudited)

Investment Type	Valuation technique(s) and key input(s)	Fair value ($)
1) Substantial & fast growing - Vibe Communications - OnceIT	Earnings multiple	$2.360 million
2) Well-established businesses - Raygun (Mindscape) - Timely - Melon Health (Social code) - RedSeed	Market value on acquisition, or Transaction Evidence	$2.662 million
3) Early Stage - Boardingware - Weirdly - InfluxHQ	Market value on acquisition, or Transaction Evidence	$0.570 million
Total Investment at fair value		**$5.592 million**

5 Investment income

	Year ended 31/03/2016 (Audited) $'000	Year ended 31/03/2015 (Unaudited) $'000
Interest income	19	11
Dividend income	80	-
	99	11

The following is an analysis of investment income by category of asset

Interest income on loans and receivables (including cash and bank balances)	19	11
Dividend income earned on financial assets designated at fair value through profit or loss	80	-

6 Income taxes

6.1 Income tax recognised in profit or loss

	Year ended 31/03/2016 (Audited) $'000	Year ended 31/03/2015 (Unaudited) $'000
Current tax		
In respect of the current year	-	-
Deferred tax		
In respect of the current year	-	-
Total income tax expense recognised in the current year.	-	-

The income tax expense for the year can be reconciled to the accounting profit as follows:	Year ended 31/03/2016 (Audited) $'000	Year ended 31/03/2015 (Unaudited) $'000
Profit before tax from continuing operations	2,812	1,690
Income tax expense calculated at 28%	787	473
Effect of income that is exempt from taxation	(1,027)	(594)
Effect of non-deductible expenses	133	79
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	98	42
Others (imputation credits gross up)	9	-
Income tax expense recognised in profit or loss.	-	-

The tax rate used for the reconciliations above is the corporate tax rate of 28% payable by corporate entities in New Zealand on taxable profits under tax law in that jurisdiction.

6.2 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	31/03/2016 (Audited) $'000	31/03/2015 (Unaudited) $'000
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the		
- tax losses (including imputation credits converted to losses)	90	11
- deductible temporary differences	81	31
	171	42

7 Issued capital

	31/03/2016 (Audited) $'000	31/03/2015 (Unaudited) $'000
Issued capital comprises:		
1,001,466 fully paid ordinary shares (31 March 2015: 395,000)	12,467	4,054
	12,467	4,054

The Issued Capital set out above is net of transaction costs associated with raising new capital. Transaction costs for the period ending 31 March 2016 were $0.238 million (2015: $0.125 million)

7.1 Fully paid ordinary shares

	Number of shares (Audited) $'000	Share capital (Unaudited) $'000
Balance at 1 April 2015	395	4,054
Shares issued during the period	606	8,413
Balance at 31 March 2016	1,001	12,467
Balance at 1 April 2014	-	-
Shares issued during the period	395	4,054
Balance at 31 March 2015	395	4,054

Fully paid ordinary shares carry one vote per share, carry a right to dividends and a pro rata share of net assets on wind up.

At 31 March 2016, there are no unpaid shares on issue (31 March 2015: None) and 135,580 September 2016 $19 options (31 March 2015: 152,500 June 2015 $12 options and 92,400 September 2015 $14 options) on issue.

7.2 Share based payment reserve

	31/03/2016 (Audited) $'000	31/03/2015 (Unaudited) $'000
Balance at beginning of year	282	-
Arising on share-based payments (performance fee)	464	282
Balance at end of year	746	282

The share based payment reserves relates to the portion of the Manager's performance fee that is settled through the issue of shares rather than cash. More detail on performance fees is provided in note 9.

7.3 Retained earnings

	31/03/2016 (Audited) $'000	31/03/2015 (Unaudited) $'000
Balance at beginning of year	1,690	-
Profit attributable to owners of the Company	2,812	1,690
Balance at end of year	4,502	1,690

8 Financial instruments

8.1 Categories of financial instruments	31/03/2016 (Audited) $'000	31/03/2015 (Unaudited) $'000
Financial assets		
Financial assets at Fair Value Through Profit or Loss		
Investments	16,570	5,592
Loans and Receivables		
Cash and bank balances	1,437	544
Financial liabilities		
Financial liabilities measured at amortised cost		
Performance fee (cash component)	290	110
Accounts payable	12	-

9 Related Party Transactions - Remuneration of the Manager

Lance Wiggs Capital Management Limited (LWCM) is the Manager of the Fund. Details of the remuneration of the Manager are provided below:

9.1 Management Fees

The Manager is entitled to an annual management fee of 2% of the Net Asset Value (NAV) of the Fund up to $50 million and 1.5% thereafter. The management fee is calculated and paid quarterly in advance. During the year ended 31 March 2016 the management fee paid was $0.25 million (2015: $0.05 million).

9.2 Equity Raising Fee

The Manager receives an equity raising fee of 3% of the total capital raised. During the year ended 31 March 2016 an equity raising fee of $0.238 million was paid (2015: 0.125 million)

9.3 Performance Fee

On the occurrence of a Liquidity Event (as defined in the management agreement, but principally on Initial Public Offering (IPO) on a recognised exchange), the Manager receives a performance fee equal to 20% of the return over the subscription price of each Share Tranche provided the relevant Share Tranche has exceeded an annualised 10% return as at the date of the Liquidity Event (e.g. IPO). During the period ended ended 31 March 2016, an expense of $0.644 million (2015: $0.391 million) has been recognised in profit or loss and a provision for a non-current liability of $0.290 million (2015: $0.110 million) and share based payment reserve of $0.745 million (2015: $0.282 million) have been recognised. The performance fee, if payable at the Liquidity Event, would be settled 72% through the issue of ordinary shares and 28% in cash based on the current corporation tax rate in New Zealand.

The Company has control over the timing of a Liquidity Event and does not expect one within 12 months of balance date, therefore the liability has been recorded as non-current.

9.4 Issue of shares to a director

In August 2015, 49,970 ordinary shares were issued to Lance Wiggs, a director of the Company, at a notional price of $14.50 per share (total value $724,565) in exchange for acquiring his Shareholding in Vend Limited.

9.5 Directors beneficial interests in the Company

At 31 March 2016, directors of the company or LWCM holding a beneficial interest in shares of the Company were Lance Wiggs (61,970 shares), Michael Bennetts (42,000 shares and 2,000 September 2016 options), John Berry (8,200 shares and 1,000 September 2016 options), Bryan Hutchins (61,400 shares and 6,000 September 2016 options) and Chris Humphreys (250 shares). At 31 March 2015, the equivalent holdings were Lance Wiggs (8,000 shares and 4,000 June 2015 options) and Chris Humphreys (250 shares). LWCM held 100 shares at 31 March 2016 and 2015.

10 Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	31/03/2016 (Audited) $'000	31/03/2015 (Unaudited) $'000
Cash on hand and demand deposits	1,437	544
Cash and bank balances	1,437	544

11 Subsequent Events

Subequent to the balance date, Punakaiki Fund Limited has made new investments in Populate Limited, Linewize Limited, Linewize Services Limited, New Zealand Artesian Water Limited and Agtract Limited. These investments total $1,150,000.

Directory

Board of Directors of Punakaiki Fund Limited

Michael John Bennetts

John Charles Berry

Bryan Simpson Hutchins

Graeme Lance Turner Wiggs

The Directors can be contacted at Punakaiki Fund Limited's address:

Level 5

2 Kitchener Street

Auckland 1010

Manager

Lance Wiggs Capital Management Limited

Level 5

2 Kitchener Street

Auckland 1010

Solicitors

WynnWilliams

Level 11, AIG Building

41 Shortland Street

Auckland 1010

Auditor

Ernst & Young

2 Takutai Square

Britomart

Auckland 1010

Registrar

The Share Register is maintained by Lance Wiggs Capital Management Limited

Level 5

2 Kitchener Street

Auckland 1010