PUNAKAIKI FUND LIMITED
Annual Report

For the year ended 31 March 2015

31 August 2015

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Report of the Chairman and Manager

By any measure 2015 was a very successful inaugural year for Punakaiki Fund. We started by raising our first $1.525 million of capital in April 2014, and concluded with a Net Asset Value of $6.026 million, booking a revaluation gain of $2.122 million to 31 March 2015.

Our performance is delivering some great unrealised returns for investors, with investors from April 2014 who exercised both the November 2014 and the June 2015 Options seeing a 62% annualised return to the end of June 2015

Chris and I could not be happier with the investments that Punakaiki Fund holds. Now numbering 12, the companies we have invested into represent a healthy mix of industries, stage and risk/return profile. Their revenue run-rates stretch from a few tens of thousands to over $10 million per year, and while all are investing to grow, some are already profitable. After the balance date we received our first, we hope, of many dividends.

We are invested with diversity across industries, with RedSeed, Influx, Vend, Timely and Onceit offering different approaches to support and grow retailing and services, Weirdly and RedSeed helping staff with recruitment and training respectively, Melon Health delivering strong health outcomes and lower costs, Raygun making it easier for developers to track errors and performance and Vibe Communications making it easier for companies to rapidly connect offices and data centres together. Boardingware and EverEdgeIP (an investment made after the balance date) are both moving strongly towards owning their chosen global niches.

We invest in companies that have end-user focused products and services, who can demonstrate that they know how to build a strong and growing paying customer base, and who have founders and a team who can grow with the business. It's easy to make investment decisions with companies lead by great people like Anya from RedSeed, Vaughan from Vend, JD from Raygun and Barry, Davey and Rudi from Vibe Communications, to pick a few. We are blessed in New Zealand, it seems, with founders who combine level-headedness with the ambition to grow a global business, the ability and hunger to learn and the intrinsic frugalness that makes investors confident that funds are spent in the right places.

Even over the short time we have existed we've seen every founder change and improve, as they learn from their end users, customers, team and from other founders. We are delighted to be part of this ecosystem, and for you to be with us on the journey.

There is more coming. We intend to keep helping and investing in New Zealand's amazing high growth ecosystem. We see, and are overwhelmed, with high quality companies that need funding, and we also want to make sure that we are there for the companies that we have already invested into. So we will continue to raise funds, to invest and to help where we can. We still aim to list on a recognised exchange within the next few years, and are ambitious enough to be targeting a full NZX listing rather than listing on the smaller NXT market.

It's a long game – we invest for the long run, and aim to make returns from the growth of the companies that we invest in. Eventually they will pay dividends, and as they grow, so too will the risk profile of the fund diminish.

Lance Wiggs, Director and Manager

Highlights for the 2015 Year

Raised $4.180 million

- $1.525 million from Private Investors in April 2014
- $1.500 million from the exercise of the November 2014 Options (98.4% exercised)
- $1.155 million from Private Investors in December 2014

Invested $3.470 million

- Raygun – 5.26%
- Timely – 4.69%
- Influx – 18.33%
- Vibe Communications – 24.02%
- Melon Health – 13.86%
- Weirdly – 18.60%
- Boardingware – 16.67%
- Onceit – 15.62%
- Redseed – 4.00%

Booked a Revaluation Gain of $2.122 million

- Net expenses for the financial year (including brokerage) of $0.166 million
- Cash at the end of the financial year of $0.544 million

Highlights since March 31 2015

Raised an additional $4.742 million

- $1.830 million from 100% of June 30 Options exercised
- $2.000 million from the June Snowball Effect crowdfunding – the maximum amount allowable under existing law
- $0.912 million from the June 30 Private Offer
- Total funds raised to date of $8.922 million

Delivered up to 62% annualised returns for investors

Invested April 2014	November 2014 Options	June 2015 Options	Results
$20,000 for 2,000 shares	$20,000 for 2,000 shares	$24,000 for 2,000 shares	Owns: 6,000 shares Cost: $64,000 ($10.67/share) Value: $87,000 ($14.50/share) **IRR: 62%**
$20,000 for 2,000 shares	$20,000 for 2,000 shares	Sold for $2,000 ($1 per option)	Owns: 4,000 shares + $2,000 Cost: $40,000 ($10/share) Value: $58,000 ($14.50/share) **IRR: 54%**
$20,000 for 2,000 shares	Sold for $2,000 ($1 per option)	Sold for $2,000 ($1 per option)	Owns: 2,000 shares + $4,000 Cost: $20,000 ($10/share) Value: $29,000 ($14.50/share) **IRR: 51%**

Invested $4.52 million (including Vend share issue)

- RedSeed – now 12.00%
- Boardingware – now 28.57%
- EverEdgeIP– 4.78%
- Influx – now 25.18%
- Revert – 11.06%
- Vend – 2.17%

2015 Timeline

February 2014

March 2014

Share Offer - Raised $1.525m

April 2014

Investment – Raygun

May 2014

June2014

Investment – InfluxHQ

Investment – Timely

Investment – Vibe Communication

July 2014

August 2014

September 2014

October 2014

November 2014

November Options - Raised $1.500m

December 2014

Share Offer - Raised $1.155m

Investment – Vibe Communications

Investment – Melon Health Convertible Note

January 2015

Investment – Melon Health

Investment – Weirdly

February 2015

Investment – Onceit

Investment – Boardingware

March 2015

Investment – Redseed (Tranche #1)

April 2015

Investment – Revert

May 2015

June 2015

Investment – EverEdgeIP Global

June Options - Raised $1.830m

July 2015

Share Offer - Raised $2.912m

Investment – Redseed (Tranche #2)

August 2015

Investment – Vend

Timely

Shareholding at 31 March 2015: *4.69%* ***Date of First Investment:*** *June 2014*

Timely provides appointment booking services to beauty salons, hairdressers, spas, consultants and personal trainers, and are 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 20 staff spread across a number of different locations including its headquarters in Dunedin.

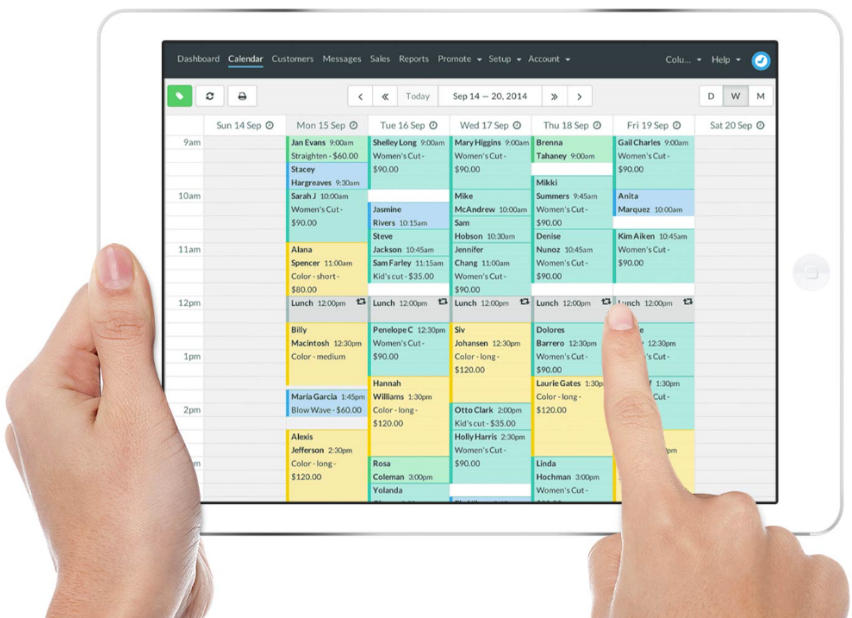
Punakaiki Fund led Timely's second external investment round, investing for an initial 4.71% stake in the company. This investment was matched by a professional private investor who was also an early investor in Xero and Vend. In August 2014, former Trade Me Chief Operating Officer Mike "MOD" O'Donnell invested and, along with first-round investor Rowan Simpson, joined the two main founders on the Timely Board. In April 2015, Timely purchased its United Kingdom distributor in a small cash and shares deal. These transactions diluted Punakaiki Fund's interest in Timely slightly 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 doubling revenues;
- Receiving a Highly Commended award in the Start-up category in the New Zealand Hi-Tech Awards in both 2014 and 20 15 (subsequent to Punakaiki Fund's 2015 balance date);
- Winning the Deloitte Fast 50 Rising Star Award (Otago and Lower South Island);
- Winning the Emerging Business Award at the OBIZ awards; and
- Being exclusively selected by the NZ Association of Registered Beauty Therapists to promote to their members.

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 2015: *24.02%* ***Date of First Investment:*** *June 2014*

Vibe Communications (Vibe) is an Auckland based ISP (Internet Service Provider) that provides wholesale and corporate 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 the ASX, 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, originally investing for a 20.00% stake in April 2014. The company, lead by founders Barry Murphy and Davey Goode, appointed Rudi Hefer (formerly of Telecom Wholesale) as CEO, and he purchased a 5% equity interest in late 2015. Punakaiki Fund subsequently purchased another 5% of shares, increasing its stake to 24.02%.

Vibe has continued to grow strongly since Punakaiki Fund's investment. Highlights since our investment include:

- Placing 34th in the 2014 Deloitte Fast 50 with 252% revenue growth over the last two years;
- Placing 189th in the 2014 Deloitte Technology Fast 500 Asia Pacific index; and
- Significant network upgrades through the purchase of equipment; and
- Signing a deal with Megaport and introducing IntelliPath, a product that allows inter-data centre connections to be established within minutes.

Vibe (along with Onceit) is one of the most substantial companies in our portfolio, with revenues similar to all the other companies (excluding Onceit) combined, and with strong profitability. Their funding demands are largely for capital equipment that they need to build out their robust network.

Subsequent to Punakaiki Fund's 31 March 2015 balance date, Vibe Communications purchased an Australian group of companies (RackCentral and CloudIO) for a share and cash deal, issuing 5% of new equity to do so. RackCentral and CloudIO provide hosting and cloud services, with clients including BHP Billiton, Coca-Cola and CA Technologies This transaction diluted Punakaiki Fund's interest to its currently shareholding 22.82%.

www.vibecommunications.co.nz

Raygun

Shareholding at 31 March 2015: *5.26%* ***Date of First Investment:*** *April 2014*

Raygun Limited (Raygun), which was formerly known as Mindscape Limited, is a Wellington based developer of well-regarded developer tools for the Microsoft platform. It was founded by John-Daniel Trask and Jeremy Boyd in 2007. Things started to accelerate last year with their latest product Raygun.io, 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. It 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.

Punakaiki Fund invested in Raygun's first external investment round, which had actually closed prior to Punakaiki Fund completing its own initial capital raising. The round was reopened for Punakaiki, and we invested for a 5.26% stake in the company, becoming Mindscape's largest external investor. We joined Mike O'Donnell, Ben Kepes, Nick Lewis and 12 other new shareholders in the round. Ben Kepes was appointed to the board as interim director until Mike O'Donnell (also the independent Director of Timely) replaced him later in the year.

Mindscape's Raygun.io product is continuing along a strong growth trajectory, including:

- Raygun.io's monthly revenue nearly quintupling from when Punakaiki Fund made its initial investment;
- Winning the Hi-Tech Innovative Software Product of the Year category at the 2014 Hi-Tech Awards;
- Being awarded a substantial grant from Callaghan Innovation; and
- Established offices and hiring in the United States.

Subsequent to Punakaiki Fund's 31 March 2015 balance date, Raygun won the Hi-Tech Start-up Company of the Year at the 2015 Hi Tech Awards and in August 2015, Raygun.io was reported as having processed its ten billionth error.

www.mindscapehq.com

Influx

Shareholding at 31 March 2015: ***18.33%*** ***Date of First Investment:*** ***June 2014***

InfluxHQ Limited (Influx) was founded as a Wellington based provider of software for CrossFit gym owner-operators to run their gyms. CrossFit gyms vary greatly in size and frequency of classes. They are demanding customers 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 has now extended their offering to larger & traditional gyms offering group fitness classes, and have positioned themselves as the "Simplest Fitness Business Software".

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. He is joined by his wife and CEO Dania Mayo.

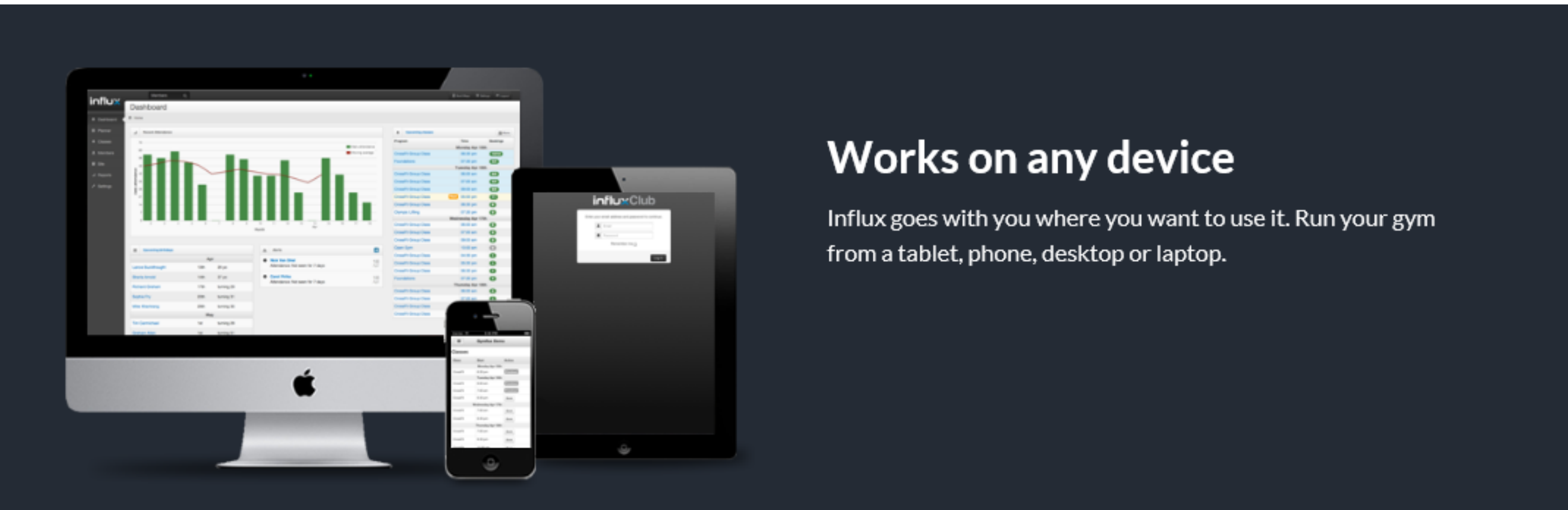
Punakaiki Fund acquired 18.33% of the company as part of a "friends and family" round, with the remaining 11.67% of the company not held by the Mayo's acquired by their relatives.

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

- Influx's software now being out of beta status;
- A significant increase in paid customer numbers (pushing past 50);
- Signing a deal with Wellington City Council, signalling Influx's extension into non-CrossFit gyms and larger gyms;
- Hiring its first employee, Bradley Simpson, who is dedicated to sales;
- Securing their first Australian client in December, with a second Australian client currently trailing Influx; and
- Securing agreements with Influx's integrated payment providers for a transaction referral fees payable to Influx for all transactions entered through Influx providing an additional revenue stream.

Subsequent to Punakaiki Fund's 31 March 2015 balance date, Punakaiki increased its shareholding in Influx to 25.18% as the result of participating in Influx's second external capital raising round.

www.influxhq.com



Melon Health

Shareholding at 31 March 2015: *13.86%* ***Date of First Investment:*** ***February 2015***

Melon Health, which was formerly known as Social Code, is a patient-centric software 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.

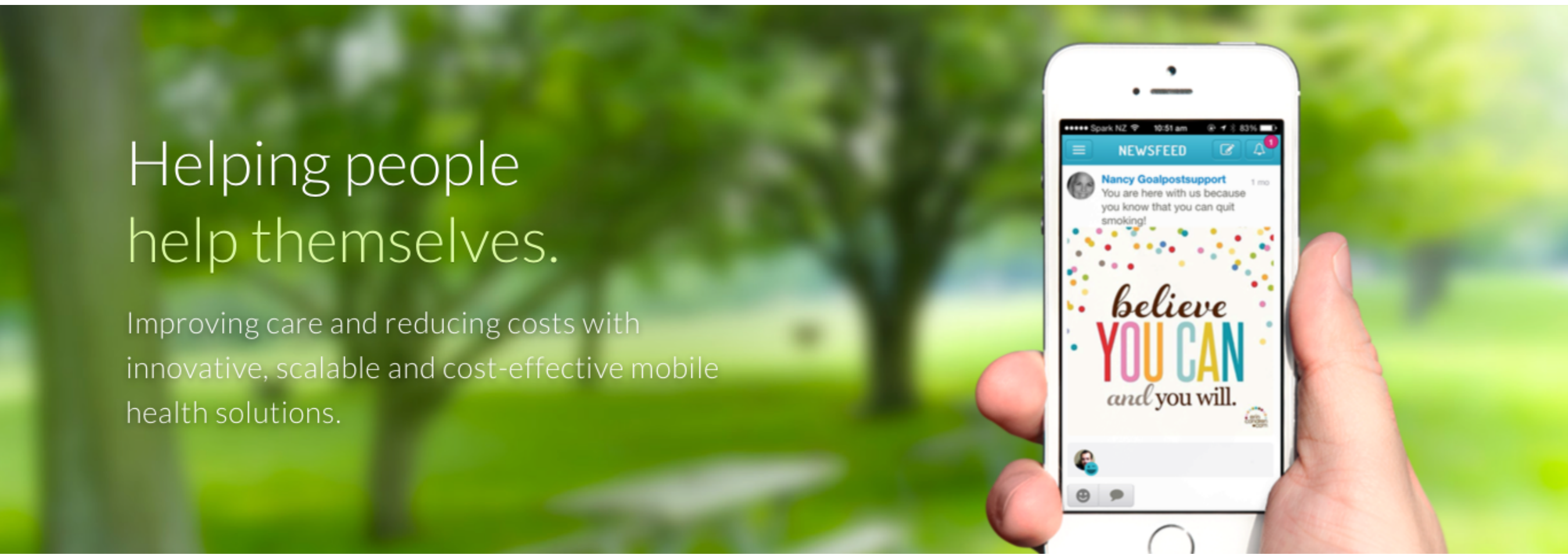
The paying customers are very large businesses and government organisations that operate in the medical/health/life science sector. These are large sales that take significant time, professionalism and credibility to land. Melon Health's customers so far include two of the world's largest pharmaceutical 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 which 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 led Melon Health's most recent external investment round, investing for an initial 13.86% stake in the company (after dilution from the implementation of Melon Health's Employee Share Ownership Plan and Techstars' investment). This round was also participated in by K1W1. This investment will allow Melon Health to run medical trials to statistically demonstrate the efficacy of the service as well as expand its US reach.

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

- Its mobile application Code Blue being the Grand Prize Winner of the 2014 Mobileys Awards;
- Being selected as a finalist in the Health Technologies category for the first-ever SXSWV2V Venture competition (based in the US);
- Being named among Entrepreneur Magazine's 100 brilliant companies of 2013; and
- Being invited to join Techstars' Sprint Accelerator.

www.melonhealth.com



Weirdly

Shareholding at 31 March 2015: ***18.60%*** ***Date of First Investment:*** ***February 2015***

Weirdly helps companies that actively recruit people to find better applicants, and also reduce the effort required to manage those applicants. There are a number of recruitment management systems that already exist, and 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 get posed a series of questions through Weirdly.

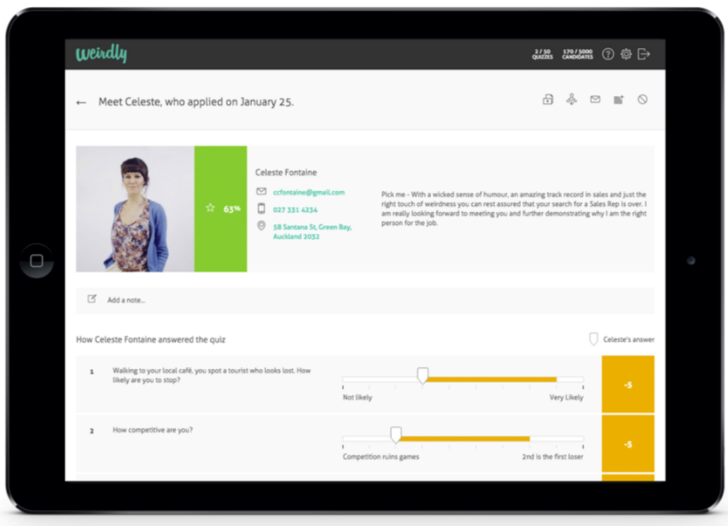
The questions, such as "Crocs or jandals" for a fashion retailer, help filter candidates into those who are more or less likely to fit in (if you work in fashion in New Zealand then jandals are, apparently, acceptable summer footwear). Results to date show about a third of applicants are self-filtering 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.

There are four founders, led by CEO Dale Clareburt, who with Simon Martin are transitioning 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, are part of a design and digital strategy agency, and will be dedicating an increasing amount of time and talent to Weirdly. Due to the early stage nature of Weirdly, the founders will balance their commitments to the company with the ability of the company to support them.

Weirdly was introduced to Punakaiki Fund by Kirsti Grant, the Head of Talent for Vend. Kirsti previously set up a social recruitment agency, and before that was at jobs.co.nz, Finda, and Trade Me Jobs. Kirsti has recruited well over 150 people in the almost two years that she has been at Vend, is a determined user of the Weirdly product. She has researched, understands and uses the tools available in the space and is very well connected to other recruiters in New Zealand, the USA and elsewhere. Kristi joined the Weirdly board concurrently with Punakaiki Fund taking an 18.6% shareholding in the business.

www.weirdlyhub.com



Boardingware

Shareholding at 31 March 2015: ***16.67%*** ***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. And it records events, discipline issues and positive feedback on students, making those reports a lot easier to compile.

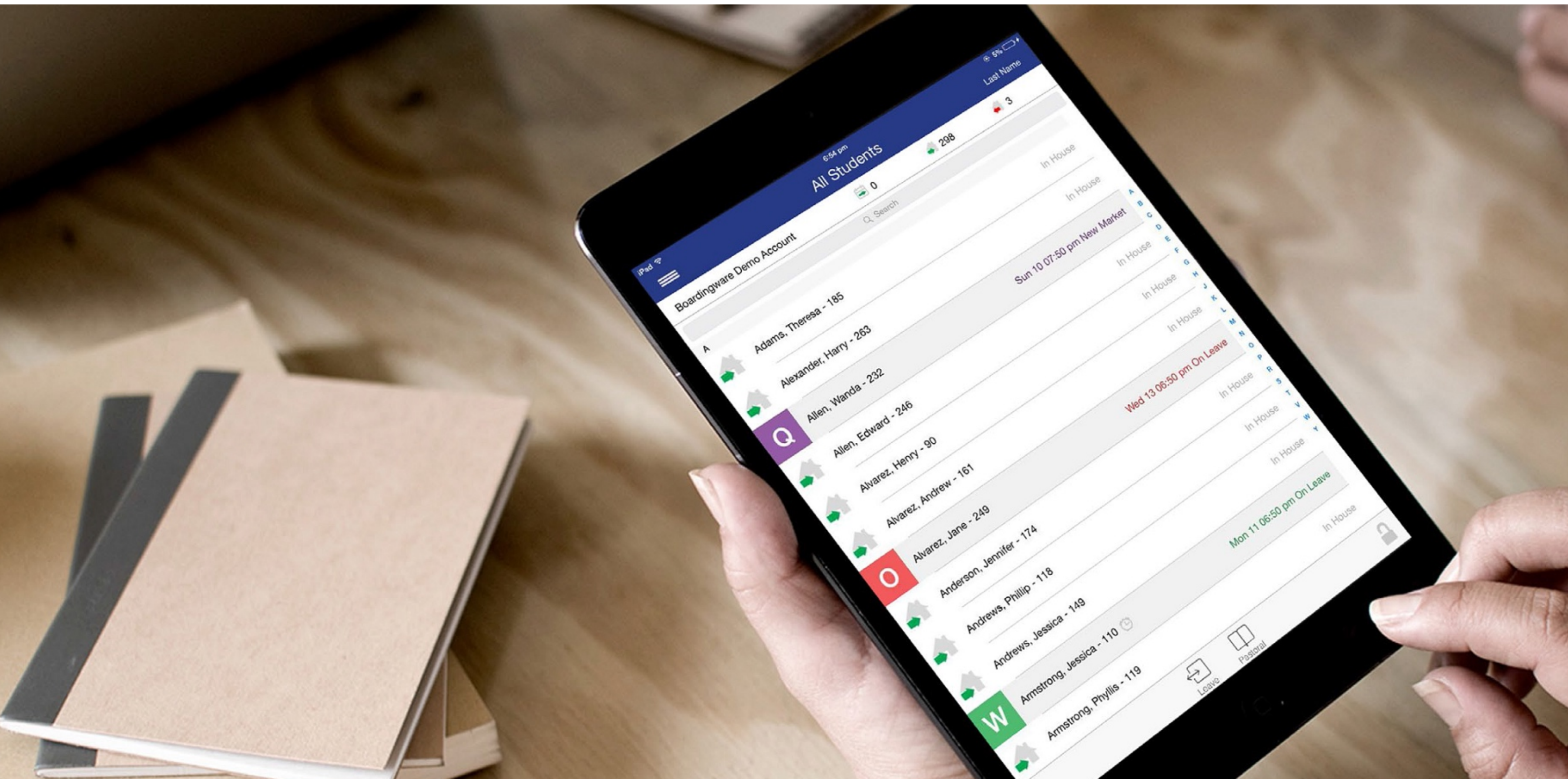
Created by Paul Organ and Kurt Meyer (Kurt was a boarder at an Auckland school), the SaaS application is narrowly targeted at a global niche. Paul and Kurt understand the boarding master, student and parent requirements very well, and are seen as the authentic insiders when they call on schools.

The global niche for boarding schools is pretty narrow, but it is certainly large enough to build a significant business. But while Boardingware is doing so, two other opportunities are waiting. Firstly schools have already asked to use (and one is already doing so) the application for all of their day students as well. Boardingware charges a lower amount per student per month for this service, but the number of day students is generally a lot larger than the number of boarders. There are also significantly more non-boarding schools than boarding schools. Boardingware has also been fielding numerous requests to adjust their application for the retirement home space, which is also growing strongly.

Punakaiki Fund acquired a 16.67% shareholding in the company in Boardingware's first external round.

Subsequent to Punakaiki Fund's 31 March 2015 balance date, Punakaiki increased its shareholding in Boardingware to 28.57% as the result of participating in Boardingware's second external capital raising round.

www.boardingware.com



Onceit

Shareholding at 31 March 2015: ***15.62%*** ***Date of First Investment:*** ***February 2015***

Onceit is an on-line daily ‘deal’ site operating selling high end New Zealand designer fashion at insider prices. Onceit is well known to many in their primary target market - women between 18 and 35 in New Zealand - and they have had over 223,000 members, of which over 82,000 were active in March 2015.

The company sells goods to customers through daily sales, 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 which Onceit has is its ability to look after merchants, with the higher quality designers enjoying the exclusivity and brand protection which comes with Onceit not selling lower end goods.

Onceit's growth has been very strong and they placed 7th in the 2013 Deloitte Fast 50 and 48th in the 2014 Fast 50.

Punakaiki Fund purchased its 15.62% shareholding in the form of existing shares from the three founders; Jay Goodey, Keri Henare and Craig Boxell. Keri and Craig were the technical co-founders and are relatively small shareholders, active today only as directors. Jay is the CEO, has the eye for fashion and deals and runs the business from an office and warehouse in Newmarket.

Punakaiki Fund also holds an option (the “Onceit Option”) to purchase another 10% of the company from the founders at a valuation which is 20% higher than the price paid for shares in our initial investment. This option potentially allows Punakaiki Fund to increase its overall shareholding up to 25.6% before February 2016.

www.onceit.co.nz

Ray-Ban Sunglasses

Mixed Denim Final Sale

Zabbana Bags

Banksy Prints and more

RedSeed

Shareholding at 31 March 2015: ***4.00%*** ***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, Warehouse Stationery, 2degrees, Icebreaker and RD1. RedSeed's online centric approach reduces the amount of administration and improves consistency of training inputs, yet puts the coaches and the company in control.

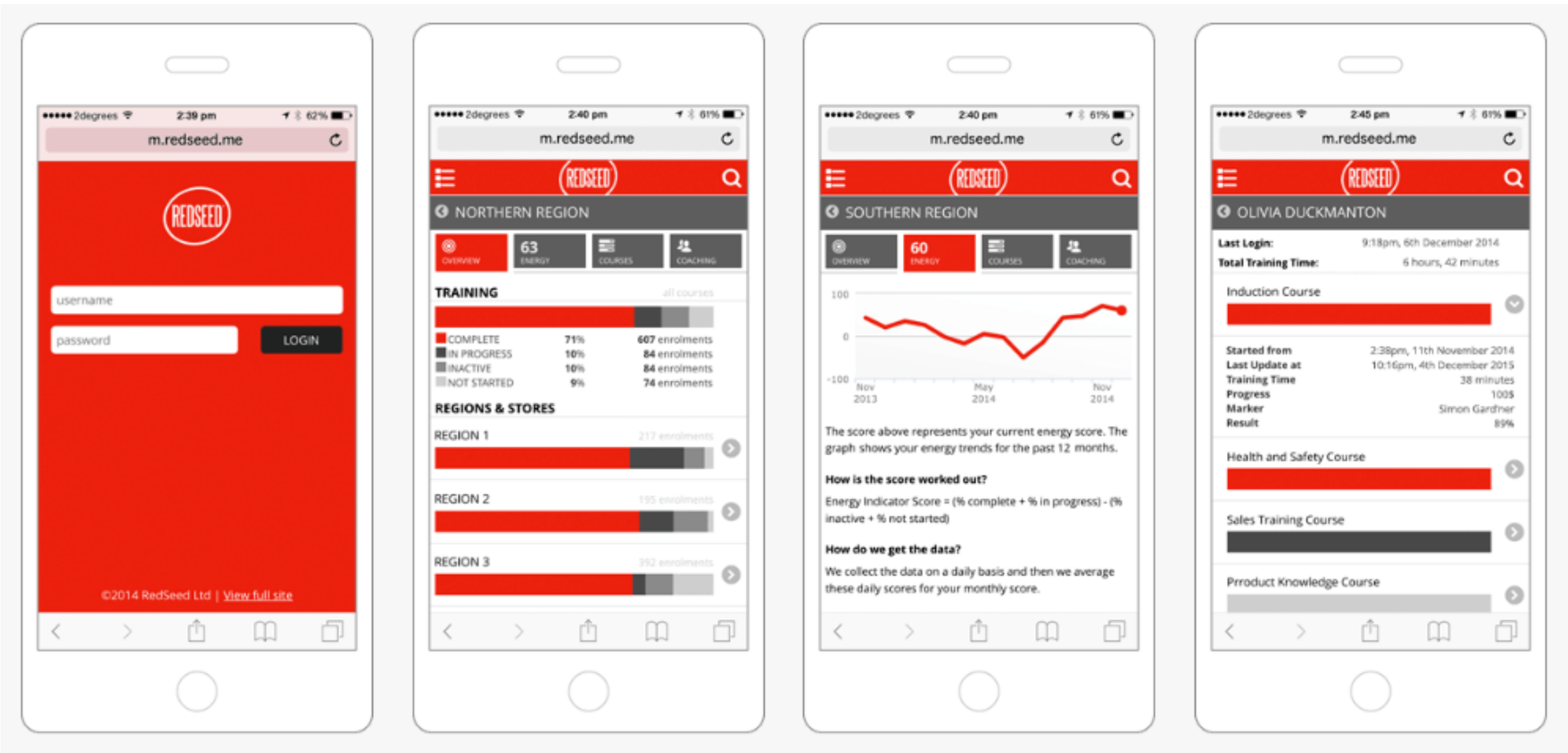
RedSeed have long-term relationships with their clients, with an estimated 63% share of the local market. With the operational side of the business able to scale relatively easily, the main challenge is to expand their international sales capacity. Punakaiki Fund's investment will be used primarily to help RedSeed enter the Australian and US markets, where there is significant latent demand from retailers of all sizes for RedSeed's services.

RedSeed are also working on enabling some of their training to deliver NZQA-endorsed qualifications.

The primary founder, Anya Anderson, owns around half of the company, and along with co-founder Glen Duffield still leads the business today. Lance first met Anya and Glen in his role as a NZ Hi-tech Awards judge two years ago, where they were finalists in the start-up category in both 2013 and, alongside Timely, 2014.

Punakaiki Fund agreed to purchase 12% of the company for $300,000, payable in two tranches. The first tranche of $100,000 was paid at the time of the initial investment, providing Punakaiki Fund with an initial 4% shareholding, and the second tranche of $200,000 was paid in early July, subsequent to Punakaiki Fund's 31 March 2015 balance date, and resulted in Punakaiki Fund increasing its shareholding to 12.00%.

www.redseed.training



Director's Statement and Statutory Information

FOR THE PERIOD ENDED 31 MARCH 2015

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 2015.

Principal Activity of the Company

The principal activity of the Company is investment.

Directors' Holding Office

Graeme Lance Turner Wiggs was the sole director of Punakaiki Fund as at 31 March 2015. No other person held office as a director of Punakaiki Fund during the 12-month period ending 31 March 2015.

Directors' Remuneration

Punakaiki Fund Limited - Directors' Remuneration		NZ$
Director	**2015**	**2014**
Graeme Lance Turner Wiggs	-	-
Total	**-**	**-**

The remuneration set out in the table above sets out the directors' fees received by the director. The director did not receive any other payments or benefits in his role as director.

Directors' Shareholdings

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

Subsequent to Punakaiki Fund's 31 March 2015 balance date, Graeme Lance Turner Wiggs exercised all of his June 2015 Options and was also issued with an additional 49,970 ordinary shares as payment for the acquisition by Punakaiki Fund of Vend Limited shares from Mr Wiggs. Mr Wiggs now owns 61,970 ordinary shares in Punakaiki Fund.

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 2015:

Graeme Lance Turner Wiggs:

- Director and Shareholder of Lance Wiggs Capital Management
- Director of InfluxHQ Limited
- Director Vibe Communications Limited
- Director of Weirdly Limited
- Director of Onceit Limited
- Director Boardingware International Limited
- Director Melon Health Limited (formerly Social Code Limited)
- Director RedSeed Limited

- Practitioner for the NZTE Better by Capital programme
- Member of the Return on Science Physical Sciences Committee
- Chairman of the Return on Science ICT Committee
- Councillor for InternetNZ (resigned July 30, 2015)

- Director and shareholder of Define Instruments Limited
- Director and shareholder Pocketsmith Limited
- Director and shareholder of 200 Square Limited
- Director and shareholder of Authentic Tours Limited
- Director and shareholder of Lingopal Limited (Australia)
- Director and shareholder of Lancewiggs Consulting Limited
- Director and shareholder LTW Wiggs Limited
- Shareholder of Performance Labs Limited (indirect via LTW Wiggs Limited)
- Shareholder of Widentifi Limited (Australia)
- Shareholder of Vend Limited

Employees

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

Auditors

No auditor was appointed for the period reported in the financial statements.

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 2015.

Punakaiki Fund Limited - Top Twenty Shareholders - 31 March 2015

Shareholder	Ordinary Shares	% of Class
Michael John Bennetts & Karen Allanah-Maree Bennetts	30,000	7.59%
Krassimir Nikolov Modkov	16,000	4.05%
Mark John Boyle	12,000	3.04%
Malcolm John Wade	11,000	2.78%
James Bremner Trust Nominees Limited	10,000	2.53%
Clarence Mervyn Hislop	10,000	2.53%
Ikey Investments Limited	10,000	2.53%
Graham William McEwan, Fiona Jane McEwan & David Walthall	9,600	2.43%
David Paul Dippie, Joanne Elizabeth Dippie & Bramwell Grossman Trustees Limited	9,000	2.28%
Graeme Lance Turner Wiggs	8,000	2.03%
Todd Reynal Stevens	8,000	2.03%
James Roger Mooney	8,000	2.03%
Craig MacFarlane Elliffe, Sharyn Julie Elliffe & Ross David McKinley	6,500	1.65%
Kerry Bruce Burke & Rachael Amelia Burke	6,000	1.52%
Tina Louise Helg	6,000	1.52%
John Newton	6,000	1.52%
Mark Boyd Austin	6,000	1.52%
Mark Andrew Halton, Debra Joy Halton, Peter James Quinn	6,000	1.52%
William Stalker	6,000	1.52%
Kerry David O'Keefe	5,750	1.46%
Top 20 Shareholders	**189,850**	**48.06%**
Remaining Shareholders	205,150	51.94%
All Shareholders	**395,000**	**100.00%**

Directors' Responsibility Statement

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of Punakaiki Fund as at 31 March 2015 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 Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

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 19 to 32 are signed for and on behalf of the Board and were authorised for issue on the date set out below.

Witnessed by:

Lance Wiggs, Director

Chris Humphreys

Financial Statements

Punakaiki Fund Limited
Contents of financial statements

For the year ended 31 March 2015

Punakaiki Fund Limited
Compilation Report
For the year ended 31 March 2015

Reporting Scope
On the basis of information you provided, we have compiled these Financial Statements, in accordance with "Service Engagement Standard No. 2: Compilation of Financial Information", for Punakaiki Fund Limited for the year ended 31 March 2015 as set out on pages 21 to 32.

The Financial Statements of Punakaiki Fund Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), unless otherwise described below. We have compiled with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

Responsibilities
You are solely responsible for the information contained in the Financial Statements and have determined that the financial reporting basis stated above is appropriate to meet your needs and for the purpose that the Financial Statements were prepared. In particular the Directors are solely responsible for determining the fair values of the investments in Unlisted Equity Instruments in the Financial Statements. The Financial Statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the Financial Statements.

No Audit or Review Engagement Undertaken
Our procedures use accounting expertise to undertake the compilation of the Financial Statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Deloitte

Deloitte

Chartered Accountants
Auckland

31 August 2015

Punakaiki Fund Limited

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2015

	Notes	Year ended 31/03/2015 $'000
Interest Income	5	11
Net gain from financial instruments at fair value through profit or loss	4	2,122
Bank Fees		-
Legal Expenses		(2)
Management Fees	9	(50)
Performance Fees	9	(391)
Other		-
Profit before tax		1,690
Income tax expense	6	-
Profit for the year		1,690
Other comprehensive income, net of income tax		
Other comprehensive income for the year, net of income tax		-
Total comprehensive income for the year		1,690

Punakaiki Fund Limited
Consolidated statement of financial position

at 31 March 2015

	Notes	31/03/2015 $'000
ASSETS		
Current assets		
Cash and bank balances	10	544
Total current assets		544
Non-current assets		
Financial assets at fair value through profit or loss	4	5,592
Deferred tax assets		-
Total non-current assets		5,592
Total assets		6,136
EQUITY AND LIABILITIES		
Current liabilities		
Performance fee payable	9	110
Total current liabilities		110
Total non-current liabilities		-
Total liabilities		110
Capital and reserves		
Issued capital (net of transaction costs)	7.1	4,054
Share based payment reserve	7.2	282
Retained earnings	7.3	1,690
Total equity		6,026
Total equity and liabilities		6,136

Punakaiki Fund Limited
Consolidated statement of changes in equity

for the period ended 31 March 2015

	Share capital $'000	Share based payment reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 April 2014	-	-	-	-
Contributed capital	4,054	-	-	4,054
Profit for the period	-	-	1,690	1,690
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	4,054	-	1,690	5,745
Payment of dividends	-	-	-	-
Arising on share based payments	-	282	-	282
Balance at 31 March 2015	4,054	282	1,690	6,026

Punakaiki Fund Limited
Consolidated statement of cash flows

for the period ended 31 March 2015

	Notes	Year ended 31/03/2015 $'000
Cash flows from operating activities		
Payments to suppliers and employees		(2)
Management Fees		(50)
Cash generated from (used in) operations		(52)
Income taxes paid		-
Net cash (used in)/generated by operating activities		(52)
Cash flows from investing activities		
Payments to acquire financial assets		(3,469)
Interest received		11
Net cash (used in)/generated by investing activities		(3,458)
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company		4,054
Net cash used in financing activities		4,054
Net increase in cash and cash equivalents		544
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year		544

Punakaiki Fund Limited
Notes to the consolidated financial statements
for the year ended 31 March 2015

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 internet, technology and design led businesses. These financial statements are for the year to 31 March 2015. No comparatives have been provided as the company was dormant and did not undertake any transactions in that period. Accordingly no assets, liabilities profit or loss were recorded.

2 Significant accounting policies

2.1 Statement of compliance and reporting framework

The group has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). The Group qualifies for NZ IFRS (RDR) as it does not have public accountability and it is not a large for-profit public sector entity. The group 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 NZIFRS 10 and therefore measures all its investments at fair value.

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 Group 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 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 Group 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 Group 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 Group'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 Group 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 Group 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 a group 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 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL on initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and NZ IAS 39 permits the entire combined contract to be designated as at FVTPL.

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 'other gains and losses' line item. Fair value is determined in the manner described in note 7.

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 a group 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 10.

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 Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group 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 Group'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 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 3.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

3.2 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.

3.2.1 Fair value measurements and valuation processes

The Group's investments are measured at fair value for financial reporting purposes. Fair value is determined by the Manager. Further detail on the valuation approach and techniques adopted is provided in Note 4

4 Investments in Unlisted Equity Instruments

The Group has equity investments in a portfolio of early stage unlisted companies. These investments are accounted for as financial assets at fair value through profit or loss. During the period, a net gain of $2.122 million was recognised through profit and loss for these assets. The following table gives information about how the fair values of these investments are determined (in particular, the valuation technique(s) and inputs used).

Investment Type	Fair value as at 31/03/2015	Valuation technique(s) and key input(s)
1) Substantial & fast growing - Vibe Communications - Onceit	$2.360 million	Earnings multiple
2) Well-established businesses - Mindscape - Timely - Melon Health (Social code) - RedSeed	$2.662 million	Market value on acquisition, or Transaction Evidence
3) Early Stage - Boardingware - Weirdly - Influx	$0.570 million	Market value on acquisition, or Transaction Evidence

5 Investment income

	Year ended 31/03/2015 $'000
Interest income	11

The following is an analysis of investment income by category of asset	**Year ended 31/03/2015 $'000**
Loans and receivables (including cash and bank balances)	11
Held-to-maturity investments	-
Total interest income earned on financial assets that are not designated as at fair value through profit or loss	11

6 Income taxes

6.1 Income tax recognised in profit or loss

	Year ended 31/03/2015 $'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 31/03/2015 $'000**
Profit before tax from continuing operations	1,690
Income tax expense calculated at 28% (2014: 28%)	473
Effect of income that is exempt from taxation	(515)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	42
Others	-
	-
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

	31/03/2015 $'000
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:	
- tax losses	11
- deductible temporary differences	31
	42

7 Issued capital

	31/03/2015 $'000
Issued capital comprises:	
395,000 fully paid ordinary shares (31 March 2014: 100)	4,054
	4,054

7.1 Fully paid ordinary shares

	Number of shares	Share capital
	000	$'000
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.

7.2 Share based payment reserve

	31/03/2015 $'000
Balance at beginning of year	-
Arising on share-based payments	282
Balance at end of year	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

	31/03/2015 $'000
Balance at beginning of year	-
Profit attributable to owners of the Company	1,690
Balance at end of year	1,690

8 Financial instruments

8.1 Categories of financial instruments

	31/03/2015 $'000
Financial assets	
FVTPL financial assets	5,592
Cash and bank balances	544
Financial liabilities	
Amortised cost	110

9 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 2015 the management fee paid was $0.05 million (2014: Nil).

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 2015 an equity raising fee of $0.125 million was paid (2014: Nil)

9.3 Performance Fee

On the occurrence of a Liquidity Event (as defined in the management agreement), 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. During the period ended 31 March 2015, an expense of $0.391 million has been recognised in profit or loss and a liability of $0.110 million and share based payment reserve of $0.282 million have been recognised. The performance fee will be settled 72% through the issue of ordinary shares and 28% in cash based on the current corporation tax rate in New Zealand.

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:

	31/03/2015 $'000
Cash on hand and demand deposits	544
Short term deposits	-
Cash and bank balances	544

11 Subsequent Events

11.1 Additional Investments

Subsequent to balance date, the Fund has made additional investments in InfluxHQ Limited, Redseed Limited and Boardingware International Limited. It has made new investments in Revert Limited and EveredgeIP Global Limited.
In addition, the Fund completed two transactions to invest in Vend Limited. The Fund has invested $2.0 million directly and acquired Graeme Lance Turner Wiggs' shares in Vend Limited in exchange for 49,970 new ordinary shares in the Fund.

11.2 Equity Raising

Between 1 April and 3 July, the Company raised $4.742 million in new equity through the exercise of all the $12 share options ($1.83 million), crowdfunding campaign ($2 million) and private offer ($0.912 million). An equity raising fee of $0.142 million was paid to the Manager in relation to these transactions.

Directory

Board of Directors of Punakaiki Fund Limited

Graeme Lance Turner Wiggs

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

Flat 4E

16 Market Place

Auckland 1010

Manager

Lance Wiggs Capital Management Limited

Flat 4E

16 Market Place

Auckland 1010

Solicitors

WynnWilliams

Level 11, AIG Building

41 Shortland Street

Auckland 1010

Auditor

No auditor is currently appointed to Punakaiki Fund Limited

Registrar

The Share Register is maintained by Lance Wiggs Capital Management Limited

Flat 4E

16 Market Place

Auckland 1010