



Powerhouse Ventures Limited
NZ Company number: 1854396
ARBN 612 076 169
ASX security code: PVL
Date of release: 26 February 2021
Half Year Report (Appendix 4D)

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

Reporting period	For the six months ended	31 December 2020
Previous Corresponding period	For the six months ended	31 December 2019

2. Results for announcement to the market

NZ\$'000	Change on previous period	NZ\$'000
2.1 Revenue and fair value changes from ordinary activities	Down \$-1.5m to	316
2.2 Profit from Ordinary activities after tax	Down \$-1.4m to	(297)
2.3 Net profit (loss) for the period attributable to members	Down \$-1.4m to	(297)

2.4 It is not proposed to pay dividends.

2.5 Date for determining entitlements to the dividends - not applicable refer 2.4 above

2.6 A brief explanation of the figures in 2.1 to 2.4

For the profit commentary and any other significant information needed by an investor to make an informed assessment of Powerhouse's results please refer to the accompanying Half Year Financial Report and the accompanying ASX and Media release.

	Current period	Previous period
	NZ\$	NZ\$
3. Net tangible asset backing per ordinary security	0.11	0.21

4. Details of material entities over which control has been gained or lost - nil

5. Details of individual dividends and payment dates - not applicable see 2.4 above.

6. Details of any dividend or distribution reinvestment plans in operation - not applicable see 2.4 above.

7. Details of associates and joint venture entities - please refer to Notes 14 and 15 of the accompanying Half Year Financial Report.

8. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards ("IFRS").

9.1 This report is based on a financial report which has been reviewed by the Company's auditors.

9.2 The attached financial report includes an independent review report that is not subject to a modified opinion, emphasis of matter or other matter paragraph.

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Authorised By:
The Board of Powerhouse Ventures Limited

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About Powerhouse Ventures Limited

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

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Powerhouse Ventures Limited

Half Year Financial Statements

For the six months ended 31 December 2020

Powerhouse Ventures Limited
Half Year Financial Statements
For the six months ended 31 December 2020

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**Powerhouse Ventures Limited
Company Directory
As at 31 December 2020**

Postal Address	Level 1, Awly Building 287-293 Durham Street North Christchurch 8013 New Zealand
Registered Office	Level 1, Awly Building 287-293 Durham Street North Christchurch 8013 New Zealand
Business Locations	Level 1, Awly Building 287-293 Durham Street North Christchurch 8013 New Zealand
Company Number	CH1854396
Australian Foreign Company Registration	ARBN 612076169
Solicitors	Tompkins Wake (Previously Lowndes Law), Auckland, New Zealand Steinepreis Paganin, Melbourne, Australia
Independent Auditor	Grant Thornton New Zealand Audit Limited, Christchurch
Date of Formation	17 August 2006

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Powerhouse Ventures Limited
Interim Statement of Comprehensive Income
For the six months ended 31 December 2020

	Notes	6 months to 31 Dec 2020 (unaudited) \$	6 months to 31 Dec 2019 (unaudited) \$
Revenue			
Net changes in fair value of investments at fair value through profit or loss	4	304,710	1,506,045
Government grant funding		-	250,000
Revenue from contracts with customers	3	10,400	27,081
Finance income		749	1,008
Other revenue		-	80
Total revenue		315,859	1,784,214
Expenses			
Employee benefits expense		207,679	292,129
Marketing and events		31	-
Legal and professional costs		113,683	60,827
Travel		120	15,269
Interest expense		-	96,510
Other expenses	5	311,092	235,074
Impairment of financial assets		(19,356)	-
Total expenses		613,249	699,809
Profit/(Loss) before income tax		(297,390)	1,084,405
Income tax expense/(credit)		-	-
Profit/(Loss) after tax for the period		(297,390)	1,084,405
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the period attributable to equity holders of the Company		(297,390)	1,084,405
Earnings per share:			
Basic (cents per share)		(1)	4
Diluted (cents per share)		(1)	4

The accompanying notes form part of these interim financial statements.

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Powerhouse Ventures Limited
Interim Statement of Changes in Equity
For the six months ended 31 December 2020

	Share capital	Equity-settled share-based payment reserve	Retained earnings	Total equity
Notes	\$	\$	\$	\$
Balance at 1 July 2020 (audited)	31,136,388	-	(25,328,115)	5,808,274
Adjusted balance at 1 July 2020	31,136,388	-	(25,328,115)	5,808,274
Increase in share capital	1,642,117	-	-	1,642,117
Equity-settled share-based payments	72,526	-	-	72,526
Total comprehensive income for the period	-	-	(297,390)	(297,390)
Balance at 31 December 2020 (unaudited)	32,851,031	-	(25,625,505)	7,225,527
Balance at 1 July 2019 (audited)	30,825,373	-	(25,278,371)	5,547,002
Adjusted balance at 1 July 2020	30,825,373	-	(25,278,371)	5,547,002
Increase in share capital	311,015	-	-	311,015
Equity-settled share-based payments	-	-	-	-
Total comprehensive loss for the period	-	-	1,084,405	1,084,405
Balance at 31 December 2019 (unaudited)	31,136,388	-	(24,193,966)	6,942,422

The accompanying notes form part of these interim financial statements.

Powerhouse Ventures Limited
Interim Statement of Financial Position
As at 31 December 2020

	Notes	31 Dec 2020 (unaudited) \$	30 Jun 2020 (audited) \$
ASSETS			
Cash and cash equivalents		3,347,249	1,369,715
Trade and other receivables and prepayments		45,197	45,957
Investments in portfolio companies	14, 15, 16	3,981,733	4,467,899
Right-of-use-asset		14,168	14,168
Property, plant and equipment		-	-
Total assets		<u>7,388,347</u>	<u>5,897,739</u>
LIABILITIES			
Trade and other payables		146,827	73,473
Lease Liability		15,993	15,993
Total liabilities		<u>162,820</u>	<u>89,466</u>
Net assets		<u>7,225,527</u>	<u>5,808,273</u>
EQUITY			
Share capital	6	32,851,031	31,136,388
Retained earnings		<u>(25,625,505)</u>	<u>(25,328,115)</u>
Total equity		<u>7,225,527</u>	<u>5,808,273</u>

For and on behalf of the Board who approved and authorised these interim financial statements for issue on 26 February 2021.



Russell Yardley, Executive Chairman

The accompanying notes form part of these interim financial statements.

Powerhouse Ventures Limited
Interim Statement of Cash Flows
For the six months ended 31 December 2020

	Notes	6 months to 31 Dec 2020 (unaudited) \$	6 months to 31 Dec 2019 (unaudited) \$
Cash flows from operating activities			
Receipts from customers		40,220	281,267
Payments to suppliers and employees		(536,713)	(602,376)
Finance income		749	1,008
Interest paid		-	(96,510)
Net cash outflow from operating activities	8	(495,744)	(416,611)
Cash flows from investing activities			
Purchase of investments		-	(171,426)
Sale of investments		758,636	4,093,104
Purchase of property plant and equipment		-	-
Sale of property plant and equipment		-	160
Net cash inflow from investing activities		758,636	3,921,838
Cash flows from financing activities			
Proceeds from issuance of shares		1,838,732	314,337
Issuance costs		(124,089)	(3,322)
Repayments of borrowings		-	(2,137,483)
Net cash outflow from financing activities		1,714,643	(1,826,468)
Net increase/(decrease) in cash and cash equivalents		1,977,535	1,678,759
Cash and cash equivalents at the beginning of the period		1,369,715	122,594
Cash and cash equivalents at the end of the period		3,347,250	1,801,353

The accompanying notes form part of these interim financial statements.

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Powerhouse Ventures Limited
Notes to the Interim Financial Statements
For the six months ended 31 December 2020

1 General Disclosures

Reporting Entity

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

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

Basis of preparation

These interim financial statements are for the six months ended 31 December 2020.

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

It is recommended that these interim financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2020.

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

Accounting Policies

The accounting policies applied by the Company in these interim financial statements are the same as those adopted by the Company in its audited financial statements for the year ended 30 June 2020.

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

Critical judgements in applying accounting policies

In preparing these financial statements, the Company has made estimates and assumptions concerning the future in order to determine certain balances at reporting date. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key estimates in the preparation of these financial statements were the same as those that applied to the financial statements for the year ended 30 June 2020.

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Powerhouse Ventures Limited
Notes to the Interim Financial Statements
For the six months ended 31 December 2020

1 General Disclosures (continued)

Significant events since 30 June 2020

1. Completed a non-renounceable entitlement raise on 28 August 2020 issuing 32,311,733 million fully paid shares at A\$0.05 & NZD\$0.053 raising a total capital of A\$1,594,052.05 & NZD\$22,826.71.
2. Issued a total of 40,311,733 free attaching options at a strike price of A\$0.07 expiring on the 23 December 2023.
3. Mr Nitesh Patel became an Executive Director on 23 November 2020.
4. Mr Richard Symon, Mr Shuyu Yang (Nick Young) and Ian Lotian resigned from the Board as Directors on 23 November 2020.
5. The Company sold its entire stake in portfolio company Hot Lime Labs on 25 November 2020 for \$558k.
6. The Company sold its entire stake in portfolio company Hapai Transfer Systems on 24 July 2020 for \$230k.
7. Brendan Fogarty, Tim Hannon & Barry Henderson joined the management team in November 2020.
8. Equity for Fees plan was passed at the AGM in November 2020 and will be adopted from 1 January 2021 reducing PVL's cash burn rate.
9. PVL will be developing a early stage investment fund with an emphasis on start ups in Australia.

Summary of significant accounting policies

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

2 Going Concern

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

As reported in the Statement of Cash Flows, the Company has experienced negative operating cashflow and these are forecast to continue.

As a listed company Powerhouse has the potential to raise capital at any time and at short notice. Cashflow contingency plans include the possibility of new capital being introduced which is consistent with the Company's operating model. Further funds can be generated from the disposal of off-model or other portfolio companies as recently demonstrated. Uncertainty exists in the timing and level of funding that investment disposals or potential new capital introductions will generate. The recent Covid-19 pandemic and its adverse affect on the economy has created a greater level of uncertainty around the ability to exit existing Investments.

Cashflow forecasts are uncertain by their very nature. The Directors acknowledge that without the realisation of investments or a capital raise there is material uncertainty over going concern. However, the Directors consider contingency plans in place are adequate to enable the Company to meet its financial obligations and continue as a going concern. This is demonstrated through the recent successful Rights Issue capital raise of AUD \$1.594m and NZD \$23k. Therefore, the Directors consider these financial statements are appropriately prepared on a going concern basis.

3 Revenue from contracts with customers

	6 months to 31 Dec 2020 (unaudited) \$	6 months to 31 Dec 2019 (unaudited) \$
Services provided within New Zealand	10,400	27,081
Total Revenue from contracts with customers	10,400	27,081

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

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

	6 months to 31 Dec 2020 (unaudited) \$	6 months to 31 Dec 2019 (unaudited) \$
Revaluation gains on investments at fair value through profit or loss	304,710	2,128,647
Revaluation losses on investments at fair value through profit or loss	-	(622,602)
Net gains/(losses) on investments at fair value through profit or loss	304,710	1,506,045

Realised gain include the super profit on the sale of Hot Lime Labs of \$0.30m. Due to no evidence of achievement of milestones or recent capital raises, no valuation uplift was approved for the period. (Dec 2019: Objective Acuity \$0.82m, Inhibit Coatings \$0.57m, Cirrus Materials Science \$0.45m and MARS Bioimaging \$0.22m).

No revaluation losses for the period. (Dec 2019: \$0.50m being the full write down of listed portfolio company Croplogic).

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Powerhouse Ventures Limited
Notes to the Interim Financial Statements
For the six months ended 31 December 2020

5 Other Expenses

	6 months to 31 Dec 2020 (unaudited) \$	6 months to 31 Dec 2019 (unaudited) \$
Accounting, assurance and tax advisory	41,307	47,248
Insurance	22,352	24,060
Office costs and rent	23,647	108,831
Miscellaneous expenses	223,788	54,935
Total Other Expenses	311,094	235,074

Miscellaneous expenses includes an expense of \$44,144 (2019: \$50,669) in relation to movements in the exchange rate between the New Zealand Dollar the Australian Dollar during the period.

6 Share capital

At 31 December 2020, share capital comprised 64,623,466 authorised and issued ordinary shares (30 June 2020: 32,311,733). All issued shares are fully paid and have no par value.

Share capital comprises:

	31 Dec 2020 (unaudited) \$	30 Jun 2020 (audited) \$
Authorised, issued and fully paid in capital	34,496,295	32,657,563
Treasury stock	(2,136)	(2,136)
Issuance costs	(1,643,128)	(1,519,039)
Total share capital	32,851,031	31,136,388

Movements in share capital

	31 Dec 2020 (unaudited) \$	31 Dec 2019 (unaudited) \$
Opening balance as at 1 July	31,136,388	30,825,373
Shares issued during the period for cash	1,766,206	314,337
Issuance costs incurred during the period	(124,089)	(3,322)
Treasury stock movement	-	-
Other movements	-	-
Options for services	72,526	-
Closing balance	32,851,031	31,136,388

Shares issued during the period for cash relate to a non-renounceable entitlement offer in August 2020 for 32,311,733 fully paid ordinary shares at an issue price of A\$0.05 per share & NZD\$0.053 per share, raising a total of A\$1,594,052 & NZD\$22,827. A total of 40,311,733 attaching options were also issued with an exercise price of A\$0.07 expiring on the 31 December 2023.

Number of ordinary shares authorised, issued and fully paid

	6 months to 31 Dec 2020 (unaudited) \$	6 months to 31 Dec 2019 (unaudited) \$
Opening balance	32,311,733	29,311,733
Shares issued during the period for cash	32,311,733	3,000,000
Shares issued during the period in respect of non-cash transactions	-	-
Closing balance	64,623,466	32,311,733

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

	6 months to 31 Dec 2020 (unaudited) \$	6 months to 31 Dec 2019 (unaudited) \$
Profit/(Loss) for the period	(297,390)	1,084,405
(Less)/plus non cash items		
Depreciation	3	1,895
Net changes in fair value of investments at fair value through profit or loss	(272,470)	(1,506,045)
Deferred tax movement	-	0
Trademark impairment	-	0
Conversion of trade debtors to equity	-	(12,000)
Unpaid interest receivable	-	(32,216)
Impairment of financial assets	-	32,216
Other non-cash expenses	(3)	48,000
(Less)/plus changes in working capital		
Decrease in trade and other receivables	760	28,386
Decrease in trade and other payables	73,355	(61,252)
Increase in deferred revenue	-	-
Net cash outflow from operating activities	(495,745)	(416,611)

9 Segment information

Reportable segments

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

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10 Related party transactions

(a) Subsidiaries and associates

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

Transactions with portfolio companies include accounting services, serviced office space, corporate governance services and capital raising management services.

Revenues from services provided to subsidiary and associate portfolio companies amounted to \$10,400 in the reporting period (\$27,081 for the period ended 31 December 2019). \$326,243 is included in trade and other receivables as amounts owing from subsidiary and associated portfolio companies (31 December 2019: \$325,886). At balance date, \$322,389 (31 December 2019: \$322,389) of related party receivables had been provided for in full.

(b) Key management personnel compensation

The key management personnel of the Company consists of the executive team including the three Executive Directors. In the six month period to 31 December 2020, key management personnel received employment or contractor benefits totalling \$126,673 (31 December 2019: \$221,545).

(c) Disclosure of Directors' Interests

On the 28th August 2020, executive directors Russell Yardley & Geoff Gander each acquired 2,000,000 shares for a cash consideration of AUD\$100,000 with 2,000,000 free attaching options. The options have a strike price of AUD\$0.07 expiring on the 31 December 2023.

As at 31 December 2020 PVLs directors' had the following shareholdings in the company:

KMP	Ordinary Shares	Options
Russell Yardley	2,618,538	2,309,269
Geoff Gander	2,000,000	2,000,000

(d) Equity for Fees Scheme

The Companies' AGM was held on the 21st December 2020 in which it was resolved to implement a securities for fees scheme to the board of directors. This will take effect from the 1st January 2021 and will include both ordinary shares and options. The equity plan will be accounted for in the financial statements under IFRS 2.

11 Commitments

Investments

The Company had no commitments as a result of contractual agreements as at 31 December 2020.

	31 Dec 2020 (unaudited)	30 Jun 2020 (audited)
	\$	\$
	-	-
	-	-

12 Contingencies

Contingent assets

There were no contingent assets as at 31 December 2020 (30 June 2020: nil).

Contingent liabilities

There were no contingent liabilities as at 31 December 2020 (30 June 2020: nil).

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13 Subsequent Events

On 5 January 2021, the Company committed to a further investment in Ferronova of A\$5.50 preference shares totalling A\$122,501.

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

Name of subsidiary or associate	Ownership interest	Nature of operations
Veritide Limited	30.4%	Uses optical fluorescent techniques for detection and identification of hazardous organisms.
Silventum Limited	41.2%	Novel nanochemistry technology developed at the University of Otago which confers dental filling materials with resistance to bacterial infection.
Photonic Innovations Limited	30.6%	Develops a laser spectroscopy-based gas detection system to identify gas leaks.
CertusBio Limited	23.5%	Development of biosensor solutions for dairy and other industries.
Deliveon Health Limited	21.9%	Develops personalised nutritional solutions based on high quality nutritional science and technology.

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

On the 7th December 2020, Silventum board of directors resolved to cease operations and have the company liquidated by March 2021. Decision was made based on the Company's inability to achieve it's technical milestones.

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

Name of other entity	Ownership interest	Nature of operations
Inhibit Coatings Limited	17.5%	Uses nanotechnology for environmentally friendly marine antifouling and antimicrobial coatings.
Fluent Scientific Limited	15.4%	Uses facial and verbal micro-expression analysis to enhance verbal and visual communication.
Auramer Bio Limited	12.6%	Provides novel chemical sensing technologies for small molecule and protein detection.
Objective Acuity Limited	10.1%	Developed a vision testing system to accurately and reliably detect visual function.
EdPotential Limited	11.8%	Provides software for schools to inquire into assessment data and improve achievement.
Ferronova Pty Limited	17.1%	Develops a medical device that helps in easier detection of cancers using magnetic tracers.
Modlar Limited	10.0%	Creator and distributor of Building Information Models (BIM) for use by architects and designers.
Avalia Immunotherapies Limited	9.7%	Develops vaccine and adjuvant technologies for the treatment of cancer, allergy and disease.
Hi-Aspect Limited	8.9%	Develops protein-based materials and products for the medical and lifesciences markets.
Cirrus Materials Science Limited	5.8%	Develops and licenses chemistry technologies and IP for novel coatings and surface finishing solutions.
Orbis Diagnostics Limited	4.2%	Developing in-line milking measurement for protein, fat, somatic cell and progesterone.
CropLogic Limited	1.3%	Provider of yield-predicting decision-support software for the agriculture sector.

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

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16 Financial Instruments

Classification of financial assets and liabilities

	Amortised cost	Fair value through profit or loss	Total
	\$	\$	\$
As at 31 December 2020 (unaudited)			
Financial assets			
Cash and cash equivalents	3,347,249	-	3,347,249
Trade and other receivables	45,197	-	45,197
Investments	-	3,981,733	3,981,733
Total financial assets	3,392,446	3,981,733	7,374,179
Financial liabilities			
Trade and other payables	86,190	-	86,190
Total financial liabilities	86,190	-	86,190
30 June 2020 (audited)			
Financial assets			
Cash and cash equivalents	1,369,715	-	1,369,715
Trade and other receivables	45,957	-	45,957
Convertible notes in portfolio companies	-	-	-
Investments	-	4,467,899	4,467,899
Total financial assets	1,415,672	4,467,899	5,883,571
Financial liabilities			
Trade and other payables	21,598	-	21,598
Convertible notes	-	-	-
Total financial liabilities	21,598	-	21,598

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

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

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

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

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

As at 31 December 2020 (unaudited)

Financial assets designated at fair value through profit or loss

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Available for sale investments	-	-	-	-
Held-to-maturity investments	-	-	-	-
Investments at fair value through profit or loss valued at last capital raise or liquidity event	-	-	3,981,733	3,981,733
Investments at fair value through profit or loss valued using observable quoted prices	-	-	-	-
Total financial assets measured at fair value	-	-	3,981,733	3,981,733

16 Financial Instruments (continued)

Classification of financial assets and liabilities (continued)

As at 30 June 2020 (audited)

Financial assets designated at fair value through profit or loss

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Available for sale investments	-	-	-	-
Held-to-maturity investments	-	-	-	-
Investments at fair value through profit or loss valued at last capital raise or liquidity event	-	-	4,467,899	4,467,899
Investments at fair value through profit or loss valued using observable quoted prices	-	-	-	-
Total financial assets measured at fair value	-	-	4,467,899	4,467,899

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

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

Valuation methodology	Total value	Key inputs	Unobservable inputs	Sensitivity analysis
Price of recent investment supported by other qualitative and quantitative factors including milestone analysis	3,981,733	Price of recent investment, milestone achievement, impairment assessment, qualitative factors	Management's assessment of performance against milestones, impairment assessment where there are indicators of impairment and market and qualitative factors.	The greater the assessment of impairment, the lower the fair value.

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

Investments at fair value through profit or loss

	2020	2019
	\$	\$
Opening balance as at 1 July (audited)	4,467,900	7,045,110
Total unrealised fair value gains recognised in profit or loss	-	1,839,880
Total unrealised fair value losses recognised in profit or loss	(2,239)	(126,544)
Total fair value of investments purchased	-	171,426
Total fair value of convertible notes converted to equity	-	40,000
Total fair value of trade debtors converted to equity	-	12,000
Total fair value of investments disposed	(483,927)	(3,804,337)
Closing balance as at 31 December (unaudited)	3,981,733	5,177,535

17 Options Granted in Lieu of Non-Employee Services

On the 12 August 2020, a mandate was signed in which PAC Partners would be issued 8,000,000 options in exchange for ongoing market services. These options were subsequently issued to PAC Partners on the 2 September 2020 with a strike price of AUD\$0.07 and an expiry date 31 December 2023.

The options issued have been independently valued using the Black & Scholes option model based on the following assumptions:

Valuation date	15 October 2020
Market price of shares	6.5 cents
Exercise price	7 cents
Expiry date	31 December 2023
Risk free interest rate	0.1501%
Volatility (discount)	80%
Indicative value per option	AUD\$0.0332

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Independent Review Report

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To the Shareholders of Powerhouse Ventures Limited

Report on the Interim Financial Statements

We reviewed the accompanying interim financial statements of Powerhouse Ventures Limited on pages 4 to 17 which comprise the interim statement of financial position as at 31 December 2020, and the interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the period then ended, and notes to the interim financial statements, including a summary of significant accounting policies.

Director's Responsibility for the Consolidated Interim Financial Statements

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

Our Responsibility

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

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

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

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

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements on pages 4 to 17 do not present fairly, in all material respects, the interim financial position of Powerhouse Ventures Limited as at 31 December 2020, and its interim financial performance and interim cash flows for the period then ended, in accordance with New Zealand equivalents to International Financial Reporting Standard 34: *Interim Financial Reporting* issued in New Zealand by the New Zealand Accounting Standards Board.

Restriction on use of our report

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

Grant Thornton New Zealand Audit Limited



Michael Stewart
Partner
Christchurch

26 February 2021

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