

**Promisia Integrative Limited**

**Unaudited Consolidated Interim Financial Statements**

**For the six months ended 30 June 2020**

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Promisia Integrative Limited  
Consolidated Interim Statement of Comprehensive Income  
For the six months ended 30 June 2020

	Notes	Unaudited 6 months 30 June 2020 \$000	Unaudited 6 months 30 June 2019 \$000	Audited Year 31 Dec 2019 \$000
<b>Revenue</b>		41	91	190
Cost of goods sold		-	(26)	(53)
Impairment of Inventory		-	(1,096)	(1,107)
		41	(1,031)	(970)
<b>Other income</b>		15	1	1
<b>Expenses</b>				
Administration		(707)	(476)	(1,051)
Operating		(45)	(216)	(319)
Amortisation and depreciation		(3)	(6)	(11)
		(754)	(698)	(1,381)
<b>Loss before taxation and interest</b>		(698)	(1,728)	(2,350)
Finance cost - interest paid		(34)	(21)	(51)
Finance income - interest received		-	-	-
<b>Net Loss for period before income tax</b>		(732)	(1,749)	(2,401)
Income tax expense		-	-	-
<b>Net Loss for period</b>	3.5	(732)	(1,749)	(2,401)
<b>Other comprehensive income</b>				
Currency translation differences		(2)	1	1
<b>Total comprehensive loss for period attributable to shareholders</b>		(734)	(1,748)	(2,400)
Basic Earnings per share		(0.0003)	(0.001)	(0.001)
Diluted Earnings per share		(0.0003)	(0.001)	(0.001)

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

**Promisia Integrative Limited**  
**Consolidated Interim Statement of Changes in Equity**  
**For the six months ended 30 June 2020**

	Share Capital	Foreign Currency Reserve	Accumulated Losses	Total
	\$000	\$000	\$000	\$000
<b>Unaudited</b>				
At 1 January 2020	58,526	183	(60,063)	(1,354)
Net loss for period	-	-	(732)	(732)
Other comprehensive income (loss)	-	(2)	-	(2)
At 30 June 2020	58,526	181	(60,795)	(2,088)
<b>Audited</b>				
At 1 January 2019	58,278	182	(57,662)	798
Net loss for period	-	-	(2,401)	(2,401)
Other comprehensive income (loss)	-	1	-	1
Share Issue	248	-	-	248
At 31 December 2019	58,526	183	(60,063)	(1,354)
<b>Unaudited</b>				
At 1 January 2019	58,278	182	(57,662)	798
Net loss for period	-	-	(1,748)	(1,748)
Other comprehensive income (loss)	-	1	-	1
Share Issue	-	-	-	-
At 30 June 2019	58,278	183	(59,410)	(949)

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

Promisia Integrative Limited  
Consolidated Interim Statement of Financial Position  
As at 30 June 2020

	Notes	Unaudited 6 months 30 June 2020 \$000	Unaudited 6 months 30 June 2019 \$000	Audited Year 31 Dec 2019 \$000
<b>EQUITY</b>				
Share Capital	3.4	58,526	58,278	58,526
Accumulated Losses		(60,795)	(59,410)	(60,063)
Other Equity Reserves		181	183	183
<b>TOTAL (NEGATIVE) EQUITY</b>		<b>(2,088)</b>	<b>(949)</b>	<b>(1,354)</b>
Represented by:				
<b>CURRENT ASSETS</b>				
Bank		11	60	21
Receivables		42	36	34
Prepayments		10	4	1
Inventory		-	38	-
Tax Receivable		6	6	6
		<b>69</b>	<b>144</b>	<b>62</b>
<b>NON-CURRENT ASSETS</b>				
Investments		20	75	20
		-	10	-
Plant & equipment		1	29	3
		<b>21</b>	<b>114</b>	<b>23</b>
<b>TOTAL ASSETS</b>		<b>90</b>	<b>258</b>	<b>85</b>
less				
<b>CURRENT LIABILITIES</b>				
Payables and Accruals		1,083	262	565
Employee benefits		24	11	19
Loan	3.6(ii)	1,050	293	57
Advance	3.6(ii)	20	150	-
		<b>2,177</b>	<b>716</b>	<b>641</b>
<b>NON-CURRENT LIABILITIES</b>				
Loan	3.6(ii)	-	491	798
<b>TOTAL LIABILITIES</b>		<b>2,177</b>	<b>1,207</b>	<b>1,439</b>
<b>NET ASSETS (LIABILITIES)</b>		<b>(2,088)</b>	<b>(949)</b>	<b>(1,354)</b>

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

Promisia Integrative Limited  
Consolidated Interim Statement of Cash flows  
For the six months ended 30 June 2020

	Notes	Unaudited 6 months 30 June 2020 \$000	Unaudited 6 months 30 June 2019 \$000	Audited Year 31 Dec 2019 \$000
<b>Operating activities</b>				
Receipts from customers		71	92	202
Payments to suppliers and employees		(296)	(673)	(1,070)
Interest (net)		-	(21)	-
<b>Net cash flows from (used in) operating activities</b>		<b>(225)</b>	<b>(602)</b>	<b>(868)</b>
<b>Investing Activities</b>				
Sale plant & equipment		-		55
Refund of NZX deposit		-		18
<b>Net cash flows from (used in) investing activities</b>		<b>-</b>		<b>73</b>
<b>Financing activities</b>				
New share capital		-	150	247
Advance (repayment) of loans	3.6(ii)	215	-	57
<b>Net cash flows from financing activities</b>		<b>215</b>	<b>150</b>	<b>304</b>
<b>Net change in cash and cash equivalents</b>		<b>(10)</b>	<b>(452)</b>	<b>(491)</b>
Cash and cash equivalents at start of period		21	512	512
<b>Cash and cash equivalents at end of period</b>		<b>11</b>	<b>60</b>	<b>21</b>

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

**Promisia Integrative Limited**  
**Notes to the Consolidated Interim Financial Statements**  
**For the six months ended 30 June 2020**

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**1. Nature of operations**

Promisia Integrative Limited (Company) and its subsidiaries (the Group) principal activities are transitioning from developing and marketing research based natural dietary supplements to the ownership and management of aged care facilities.

**2. General information and statement of compliance**

The Company is registered under the Companies Act 1993 and is a Financial Markets Conduct reporting entity in terms of the Financial Markets Conduct Act 2013. The group is profit-oriented.

Promisia Integrative Limited is a company domiciled in New Zealand. The registered office of the company is level 5, 22 Panama Street, Wellington 6011.

**Basis of Preparation**

The unaudited interim financial statements;

- (i) have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, which is the New Zealand equivalent of International Financial Reporting Standards (NZ IFRS). They comply with NZ IAS 34 Interim Financial Reporting and should be read in conjunction with the 31 December 2019 annual report.
- (ii) follow the same accounting policies as the full financial statements of the Group for the year ended 31 December 2019;
- (iii) are presented in New Zealand dollars which is the Group's functional and presentation currency and rounded to the nearest thousand dollars unless stated otherwise.
- (iv) do not include all the information required for full financial statements and consequently should be read in conjunction with the full financial statements of the Group for the year ended 31 December 2019.

**3. Disclosures**

**3.1 Going Concern**

The Promisia Group has generated sales of \$41,000 from sales, \$15,000 from the sales of impaired raw materials inventory and incurred a net loss of \$732,000 for the six months ended 30 June 2020. (Full year to December 2019: – Sales \$190,000 and net losses \$2,401,000). At 30 June 2020 the consolidated statement of financial position records a position of negative working capital and negative equity.

In March 2020, the New Zealand Government mandated a period of lockdown across the country in response to the global pandemic, Covid19. Further lock-downs are in place in August 2020. The Group was able to operate on a limited basis during this period. This is not expected to impact the overall financial viability of the Group. At this point in time, it is not possible to quantify the financial impact of this pandemic on the Group and its future operations.

**Promisia Integrative Limited**  
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It is the continuing opinion of the board of directors that there are reasonable grounds to believe that its revised operational and financial plans in place are achievable, and accordingly the Group is able to continue as a going concern and meet its debts as and when they fall due. Accordingly, use of the going concern assumption remains appropriate in these circumstances.

The directors are quietly confident that the proposed acquisition of the aged care facilities will proceed as disclosed in Note 3.9. The transaction will recapitalise the Company, provide significant tangible assets and will result in the Group achieving positive cash flows and profit from operations. If the proposed acquisition did not proceed the Group could not continue to operate without obtaining additional funding.

**3.2 Operating segments**

The Group's reportable segments are based on the geographic location of its activities which operate throughout the year, reflect the type of activities undertaken and have been determined based on internal reporting used by management and the Board of Directors to assist strategic decision making. Since 31 December 2019, the Group has exited from the activities of developing and marketing research based natural dietary supplements to planning for the ownership and management of aged care facilities.

**3.3 Financial risk management**

The Group's activities are exposed to a variety of financial risks: market risk, credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2019. There have been no changes in the management of risk or in any risk management policies in the current period. The Group does not have any derivative financial instruments or any other financial assets or liabilities that are classified as instruments at fair value through profit and loss under NZ IFRS.

The fair value of assets and liabilities approximates their carrying value.

**3.4 Share Capital**

The Group's share capital includes fully paid shares.

**Issued and paid capital**

There were 2,151,797,451 ordinary shares on issue at 30 June 2020 (30 June 2019:1,901,797,451).

At 30 June 2020 issued and paid capital comprised:

	Unaudited 6 months 30 June 2020	Unaudited 6 months 30 June 2019	Audited Year 31 Dec 2019
	\$000	\$000	\$000
Opening balance	58,526	58,278	58,278
Shares issued	-	-	250
Issue costs	-	-	(2)
Closing balance	58,526	58,278	58,526

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**Unpaid ordinary shares – Treasury shares**

On 25 February 2020, 16,595,856 (2019:16,595,856) unpaid treasury shares were cancelled, as the conditions for the issue of shares in the employee share option scheme were not fulfilled.

**3.5 Other financial information**

	Unaudited 6 months 30 June 2020 \$000	Unaudited 6 months 30 June 2019 \$000	Audited Year 31 Dec 2019 \$000
<b>Net Loss for period</b>	(732)	(1,749)	(2,401)

*Included in the loss for the period are the following expenses:*

Director fees	50	50	100
Legal and professional fees	309	77	314
NZX listing & registry fees	107	36	38
Staff and employment costs	177	182	365

**3.6 Related party information**

During the six months to 30 June 2020:

- (i) Director fees of \$50,000 were accrued (2019: \$50,000 were accrued).
- (ii) The Brankin Family Interest Trust and D Priest advanced \$195,000 and \$20,000 respectively to the Group of which T.D Brankin is a related party to the Trust and a director of the Group. D Priest is also a director of the Group.

A total of \$1,050,000 is repayable to the Brankin Family Interest Trust, and the Company has a letter of comfort stating it will not be called prior to 9 March 2021.

**3.7 Contingent liabilities**

At 30 June 2020, the company had the following contingent liabilities:

**Notice of prosecution**

On 7 February 2019 the company was served with a notice of prosecution by the New Zealand Ministry of Health for alleged breaches of the Medicines Act 1981. In these charges the Ministry alleges that the company has sold an unlicensed medicine and that certain advertising by the company is in breach of the Medicines Act.

The company intends to defend all charges and has made three brief appearances in the District Court during 2019. There are no updates as at 30 June 2020.

There were no other contingent liabilities at 30 June 2020. (31 December 2019: \$nil).

**3.8 Capital commitments**

There were no capital commitments at 30 June 2020 (31 December 2019: \$nil). Refer Note 3.9.

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### **3.9 Proposed acquisition of aged care facilities**

The Group has entered a conditional agreement to acquire:

- (i) Three aged care facilities for \$31.3m. This acquisition will involve the purchase of assets and assumption of certain liabilities;
- (ii) a lease on a property to be used as an aged care facility.

This agreement consists of the Group acquiring:

- Ranfurly Manor and Nelson Residential Care Centre in Feilding and Eileen Mary Residential Care Centre in Dannevirke;
- a long term lease of Aldwins House in central Christchurch with the intention of reopening it as a rest home/hospital in late 2020. An option to purchase the property from interests associated with Mr. Ian Cassels of the Wellington Company is included in the acquisition.

During the six month period to 30 June 2020, the Group had been negotiating indicative terms for debt finance of \$18m, new equity issuances proposed of \$8m to the vendor and \$6m-\$8m to various private placement participants, all at \$0.001 per share.

However, since 30 June 2020, the Group

- advises that unfortunately the New Zealand registered bank that PIL had been working with for some months to secure debt finance has withdrawn from providing funding. All conditions in the non-binding term sheet issued by the bank had been satisfied. The Board believes that this is a consequence of the COVID-19 environment and a reflection of what is a very restrictive credit market to new lending;
- has entered an extension agreement with Brankin Family Trust to allow until 30 September 2020 for completion of the Proposed Transaction;
- is continuing discussions with its wholesale equity investors to commit to this longer period; and
- has reviewed its previous approaches to banks for debt funding and is now compiling new information packages for those banks.

A new completion date will only be set once funding for completion has been secured.

The proposed acquisition was approved by shareholders at a meeting held on 11 June 2020 and prior approval of all documentation was received from NZX and the Financial Markets Authority.

### **3.10 Unaudited financial statements**

The interim financial statements for the six months to 30 June 2020 have not been audited.

### **3.11 Events subsequent to balance date**

There have been no matters or circumstances since the end of the interim reporting date not otherwise dealt with in these interim financial statements that have significantly or may significantly affect the Group's operations.