Promisia
HEALTH AND CARE

Annual Report 2022

FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the Board and management of Promisia Healthcare Limited, I am pleased to present the Annual Report for the financial year ended 31 March 2022 (FY22). This report can also be read online at https://www.promisia.co.nz/investor-centre/#reports-&-results.

Stephen Underwood
Chairman

30 June 2022

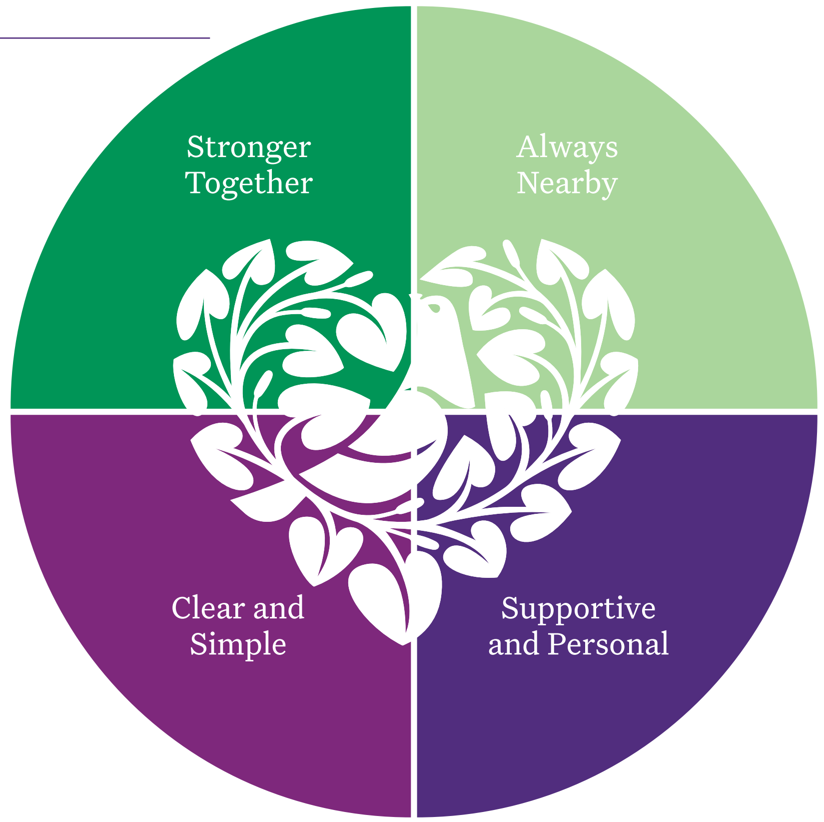
Caring for those who need a helping hand

Our business is focused on delivering quality residential care services to the elderly.

We are committed to doing the right thing for senior New Zealanders. This entails offering the care that is appropriate and sensitive to people's individual requirements as they age.

We pride ourselves on providing personalised care, doing what we said we would do, behaving with integrity and respecting residents who have entrusted us with their care.

Our values



Our Communities

We operate four aged care facilities across the country, with more than 350 available care beds and 16 independent living villas, with a further 28 villas under construction.

Our facilities are in well-established and well serviced urban areas. They are integrated into their local communities and provide the best possible care for local residents looking to stay close to the home town they know and love.

We offer a range of community-style living arrangements catering for different health, social and personal requirements. Our facilities include retirement living in villas and care suites, rest home and hospital care. We also offer specialised care including dementia, palliative, respite and young disabled care.

Following the acquisition of Aldwins House, which settled on 1 April 2022, all our facilities are fully owned by Promisia Healthcare Limited.

Ranfurly Manor, Feilding	
Beds	152
Villas	10
Staff	168
Site	Owned

Nelson Street, Feilding	
Beds	49
Villas	-
Staff	45
Site	Owned

Eileen Mary, Dannevirke	
Beds	58
Villas	6
Staff	58
Site	Owned

Aldwins House, Christchurch	
Beds	145
Villas	-
Staff	61
Site	Owned

Strategic Progress

Our primary focus in FY22 was building occupancy of Aldwins House to achieve cashflow breakeven or better and strengthening the operational platform of the business. The latter included broadening the revenue mix and progressing with the Ranfurly Development to increase the independent living element of the business. Several potential acquisitions were also evaluated.

STRATEGIC OBJECTIVE	FY22 PROGRESS
Increase Occupancy at Aldwins House Growth of revenue through maximising occupancy	• Increased occupancy to 87% of 100 available beds – a further 45 beds to become available in FY23 • Transfer of 32 residents from Rannerdale Village to Aldwins House in March 2022
Resident-Centric Care Deliver personalised care that focuses on respecting and helping our residents who now need more of a helping hand	• Continued to deliver high quality care within the challenges of the Covid-19 environment • The three established facilities received four-year accreditation from local DHBs. Aldwins, being new, has a maximum of three years
Broaden Our Revenue Mix Increase the number of retirement villas to grow revenue from the sale of retirement village ORAs Broaden the range of services offered at each facility and increase the number of beds requiring higher levels of care and revenue (hospital and dementia) where there is local demand	• Continued focus on dual purpose beds that can be switched between rest home or hospital care as required • Increasing revenue from ORA sales as new builds at Ranfurly are completed and units sold at higher prices
Brownfield Development Progress the development at Ranfurly Manor	• Completed 10 care suites • Sold and completed four of 32 planned villas
Acquisition Pursue acquisition opportunities based on quality, geographic and cultural fit, demand for services, growth potential and contribution to profitability.	• Acquired Aldwins House in Christchurch which was being operated by Promisia • Identified a number of acquisition and development opportunities subject to ongoing discussions

Operating Highlights

- First full year as an aged care business with a very pleasing net gain for the period of $2.0m
- Greater Board industry experience through the appointment of Andrew Mitchell whose career includes 13 years with Ryman Healthcare
- Unconditional acquisition of the land and building at Aldwins House, Christchurch
- Focus on standardisation of systems across the group with execution to commence in FY23
- Building strategy to recruit, recognise, reward and develop staff
- Post-period end: Appointment of experienced industry executive, Stuart Bilbrough, as Chief Executive Officer in May 2022

OPERATIONAL METRICS As at 31 March 2022	FY22	FY20/21[1]
Available care beds	359	299
Bed occupancy	86%	81%
EBITDAF per available care bed[2]	$9,833	($782)
Village units	16	12
Staff	335	288

[1] The prior FY21/20 period covers the 15 months to 31 March 2021 and includes five months of operation at an aged care business.
[2] EBITDAF is operating earnings before interest, tax, depreciation, amortisation and fair value adjustments and is a non-GAAP number.

Financial Snapshot

FINANCIAL HIGHLIGHTS NZ $000s	FY22	FY20/21[1]
Operating Revenue	18,996	6,060
Gain on lease termination	943	-
Fair value movement	(222)	1,250
EBITDAF[3]	4,473	(234)
Net gain for the period	2,027	26
Total assets	51,535	58,227
Cash and cash equivalents	2,411	1,219
Debt	17,154	17,833
Net operating cash flow	3,755	566

Results reflect full 12 months' operation as an aged care business, compared to five months included in the prior year

Total income of $19.9m includes gain on lease termination of $0.94m

Earnings excluding fair value movements (EBITDAF) were $4.5m

Net gain after tax on continuing operations $2.0m

Total assets $51.5m, including cash and cash equivalents of $2.4m

Net debt $17.2m as at 31 March 2022, in line with the prior year

[3] EBITDAF is operating earnings before interest, tax, depreciation, amortisation and fair value adjustments and is a non-GAAP number.

Chairman's Report

Stephen Underwood, Chairman

Dear Shareholders

On behalf of the board of directors, I am pleased to present to you Promisia Healthcare's Annual Report for the year ending 31 March 2022. This has been our first full year operating as an aged care business following the successful acquisition transaction completed in October 2020.

FY22 STRATEGIC FOCUS

Last year we advised shareholders that there were four strategic objectives for the 2022 financial year:

- Increase occupancy of Aldwins House
- Strengthen the operational base of the company and broaden the revenue mix
- Commence the Ranfurly Development
- Identify and evaluate potential acquisitions

The directors are pleased to report that considerable progress was made with all strategic objectives during the year.

Aldwins House

We have maintained the progressive opening of new beds in the refurbished Aldwins House, despite the impact of Covid-19. Occupancy increased from 22 beds at the end of the previous year to 87 at the end of the 2022 financial year, with 100 beds currently available. A further 45 beds are expected to become available in FY23.

Occupancy was boosted by the transfer of 32 residents from Rannerdale Village in March 2022, as well as a short-term uplift in January 2022 when we took in approximately 40 residents and staff from an at-risk aged care facility during the floods on the West Coast.

In March this year, shareholders approved the acquisition of Aldwins House for $13m, which settled on 1 April 2022 and was funded by vendor finance and new debt facilities. This now means that all four of Promisia's facilities are owned by the company. We would like to thank our shareholders for their support for this acquisition.

Aldwins House had been operating at a loss for much of the last financial year, however, with new management, increased occupancy and the replacement of rental for lower ownership costs, it is now operating at a cashflow breakeven position. We expect this situation to improve in FY23 as occupancy increases.

Strengthening Our Business

New Chief Executive

We were delighted to welcome Stuart Bilbrough as Promisia's new Chief Executive Officer from May 2022. Stuart has extensive experience in the healthcare sector and was previously the Chief Executive Officer (and before that, Chief Financial Officer) of NZX-listed Radius Residential Care. He has also held the role of Chief Financial Officer of Tamaki Health, New Zealand's largest network of primary care and urgent care medical clinics. Stuart's industry experience, together with a strong commercial background in strategy development and financial planning, make him well suited to lead the next stage of growth for our company.

Investment in Business systems

In recent months, we have been investing in our business infrastructure to integrate our four villages and create a strong foundation for growth. This integration includes standardising our systems across the group and investing in people and technology, particularly a new payroll and rostering system. This work is ongoing with continued investment planned in the current year.

Broadening our revenue mix

Rest home, hospital and specialised care services are paid for by either the Government or by residents themselves if they do not qualify for Government funding. Currently, approximately 67% of our revenue is from Government funding. Many of our beds are dual purpose and we can redeploy them between rest home and hospital care. Hospital care tends to generate higher margins due to the higher support required and remains a priority for us.

Purpose built care suites are a growing part of our portfolio of care, offering greater service levels, amenities and aesthetics than a traditional care bed and delivering higher margins.

We are continuing to look at opportunities to develop independent living villas and care suites on new and existing sites.

Ranfurly Development

The Ranfurly village development in Feilding has progressed well, with the 10 new care suites completed, of which two have been sold in the first half of FY23. Four of the planned 32 villas have also been completed and sold. A further nine villas are due to be completed in the first half of the current year and have been pre-sold. We look forward to welcoming the new residents over the coming months.

The development is being undertaken on a fixed cost basis and with an interest free loan from the developer. The loan is being repaid from the agreed proceeds of each initial sale of an Occupational Right Agreement (ORA) for a new villa or care suite. Some villas have been sold at a slightly increased price which will produce some income for the company, however, the extent of this income is uncertain in view of the likely downward movement in house prices.

Completion of the next group of independent living villas is being affected by shortages of materials.

Acquisition Opportunities

The purchase of Aldwins House was the only acquisition in the financial year.

We continue to see opportunities to grow through the acquisition of existing aged care facilities with development potential, or greenfield sites. Any acquisition must meet a range of criteria, including the potential for further development. We are also being approached regularly by owners and their agents to consider potential acquisitions.

Discussions have been held with several parties but were not able to progress beyond an initial stage and others are under evaluation. Any acquisition, particularly of a greenfield site, is a lengthy process and patience is required.

> The directors are pleased to report that considerable progress was made with all strategic objectives during the year.

OPERATING ENVIRONMENT

Covid-19

The ongoing Covid-19 pandemic has continued to impact our communities, staff and residents. Our focus has been on staff and resident wellbeing and the systems and protocols put in place during 2020 have stood us in good stead. However, we are conscious of the effect that the pandemic has had on our working environment and the impact of restricted access for our residents and families. Like many across New Zealand, we hope that the coming year sees a reduced impact of the pandemic and a return to more normal operating conditions.

Our people

The lifting of border restrictions will help to alleviate the labour shortages across the aged care sector. We face workers leaving for higher paid roles in the DHBs and also departing for Australia which offers higher pay as well as a lower cost of living. Promisia is looking forward to welcoming new staff from abroad with recruitment and retention remaining a core focus for management.

We are investing in training and our aim is to provide a workplace that is safe, rewarding and enjoyable. This means prioritising the health, safety and wellbeing for everyone who works and lives with us, ensuring inclusion and welcoming diversity. In the coming year, we will be developing our people and culture strategy in order to further recruit, recognise, reward and develop our staff.

The majority of our people live locally and play an essential role in creating the family environment that is such an important part of our facilities. We are incredibly proud of them and fortunate to have a team of such caring and committed people. On behalf of the Board and management, we acknowledge and thank every member of our team for their efforts and the amazing care they provide.

We were pleased to appoint experienced aged care executive, Stuart Bilbrough, as CEO from May 2022. Stuart takes over the role from Chris Brown, who stepped down in April 2022.

Aged care funding

Each year in July, the Government announces the residential care fees for the following year. Across the sector, we have seen labour costs rise and inflation driving up food costs and utilities. We continue to advocate for increased funding to ensure the aged care sector can deliver a sustainable, compassionate and high-quality service that meets the demand and needs of an aging population.

New aged care beds must be built each year to ensure that forecast demand for these facilities is available as New Zealand's population ages. Current funding from government is insufficient to justify the required investment and a shortage of aged care beds is highly likely. The recent offer from the Ministry of Health of a 1.2% increase in funding for the next 12 months is woefully inadequate given the general inflationary pressures faced by the sector. We have supported the NZACA Board's decision to reject this offer.

Similarly, wages competition from District Health Boards is putting increasing pressure on salaries for all health workers, particularly registered nurses. Pay parity between the aged care industry and DHBs continues to be critical.

SOLID FINANCIAL PERFORMANCE

FY22 marked Promisia's first full year of operation as an aged care company, compared to five months in the previous financial year.

Income was $19.9m, including a gain on lease termination of $0.94m. Revenue is primarily sourced from Government funding (~67%) with the remainder from private payment. Eighteen sales of occupation rights agreements (ORAs) were completed during the period (four new and 14 resales).

This year we experienced a decrease in fair value of investment properties of $0.22m. The current environment of high costs, especially for staffing, and concern around the property market were key assumptions in the valuation that resulted in this downward movement.

Earnings excluding fair value movements (EBITDAF[4]) were $4.5m for the period. The Group reported a net gain after tax of $2.0m, including a $0.019m contribution from discontinued operations.

At 31 March 2022, total assets were $51.0m including cash and cash equivalents of $2.4m. Debt was $17.2m, consistent with the previous financial year, and excludes debt associated with the acquisition of Aldwins House which occurred post-year end.

GOVERNANCE

Appointment of new director

The appointment of Andrew Mitchell as a director brings significant value to the Promisia Board. Andrew has worked in the UK, New Zealand and Australian property markets for over 20 years, including 13 years as a senior executive and Chief Development Officer for Ryman Healthcare. As an executive director, Andrew provides business development services to Promisia, and has also invested in the company, with a 7% shareholding.

Acquisition of small shareholdings

During the year, the company completed a process to remove small and unlocatable shareholders from the share registry. Approximately 1,000 shareholders were subject to compulsory acquisition of their shares, which has resulted in the number of shareholders being reduced from 1,952 to 600. This reduction represents a significantly lower cost of maintaining the share registry. Many of these shareholders did not hold a marketable parcel of shares and the process represented a cost-effective method for them to exit their shareholding. Where shareholders did not provide their bank details, the proceeds from the sale of their shares were donated to KidsCan, which benefited by approximately $0.019m.

OUTLOOK

New Zealand has an ageing population and there is increasing demand for quality care options, particularly in provincial New Zealand. These are areas which are often under-resourced in terms of aged care and are a particular focus for Promisia.

Headwinds will continue to build. In particular, we will be affected by wage pressures in the sector and the availability of staff may impact our ability to accept additional residents from time to time. Shortages and delays in securing construction materials may also affect the delivery of new independent living units at Ranfurly Manor.

Promisia is well positioned to build off its small base and grow. We have a carefully considered and diversified growth strategy and are putting the infrastructure in place to allow us to scale up as opportunities arise.

In the 2023 year we will continue to drive revenue through a focus on the following areas:

- Improve operational efficiency and effectiveness
- Maximise occupancy at Aldwins House
- Continue to progress the development at Ranfurly Manor
- Pursue targeted acquisition opportunities that meet Promisia's criteria

Thank you for your continued support.

Stephen Underwood
Chairman

[4] EBITDAF is operating earnings before interest, tax, depreciation, amortisation and fair value adjustments and is a non-GAAP number.

Our Strengths

- Stable future revenue streams
- Experienced people, with many years' industry involvement
- High calibre employees
- Local facilities in strong communities
- Existing growth opportunities
- Carefully considered diversified growth strategy

ATTRACTIVE SECTOR DYNAMICS

Strong demand underpinned by favourable population demographics

The number of people in New Zealand aged over 75 is forecast to double from 300,000 to 600,000 over the next 12 years. The aged care facilities currently available in New Zealand cannot accommodate the expected increase in demand and new facilities will need to be built.

Growing demand for high needs and specialist aged care, particularly in regional New Zealand

12% of people over 75 are in care. 3,000 new care beds are required in New Zealand each year. There are insufficient beds being built to cater for the demand, particularly in regional New Zealand.

Increasing compliance driving sector consolidation

Smaller owner operator facilities (fewer than 50 beds) are closing as they lack the ability to remain profitable and compliant without significant capital investment.

Variety of care and business models in the sector, with different care offerings

Business models range from companies focused on building retirement villages with villas and apartments which do not provide care (independent living), through to higher needs care providers. Growing demand for continuity of care with higher care offerings on site.

Welcoming Rannerdale Village Residents to Promisia's Aldwins House

Soldiers from the 2nd/1st Battalion Royal New Zealand Infantry Regiment turned out in force in March 2022, to help 32 veteran soldiers move into Promisia's Aldwins House in Christchurch.

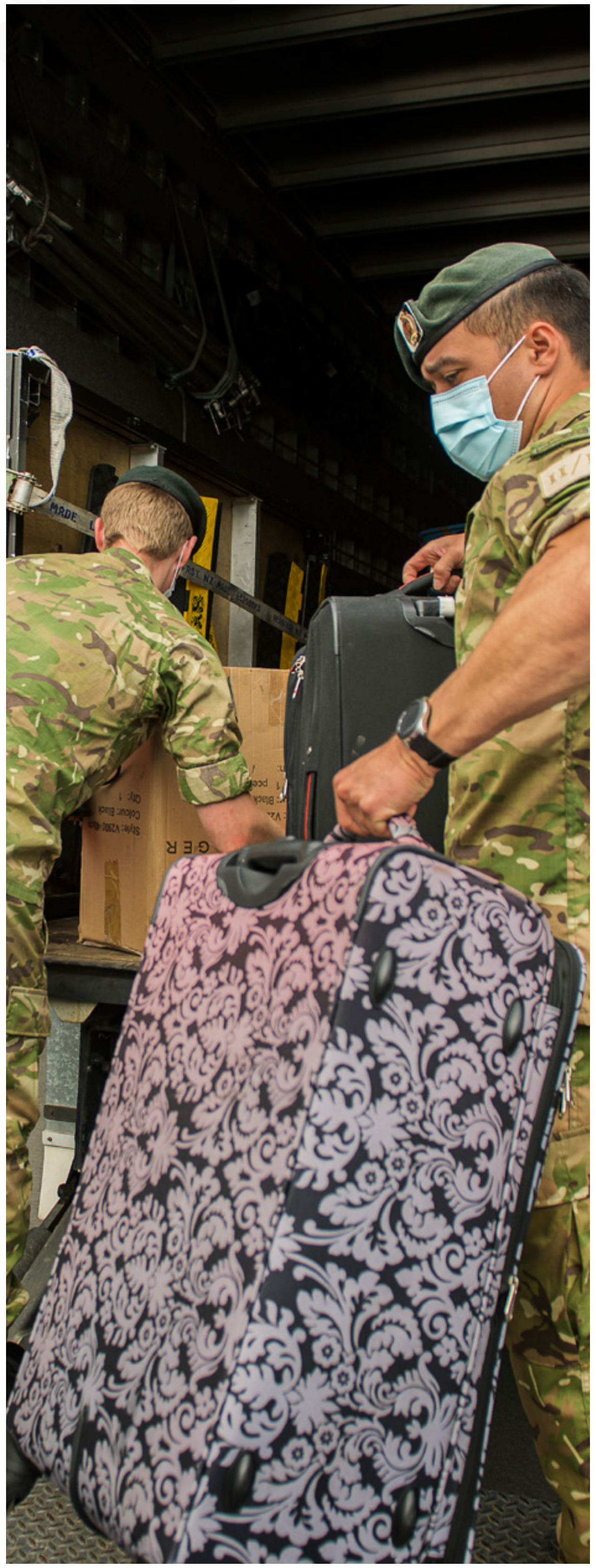
The new residents were relocating from Rannerdale Village, a smaller facility operated by the Rannerdale Trust, which was closing due to lack of scale and funding.

As well as assisting the residents to pack up at Rannerdale village over three days, the 38 soldiers also transported resident's belongings using the Army Band truck and helped the veterans to unpack and settle into their new home.

One of the new residents is Gordon Gerken, 96 years old and a WWII RNZAF veteran who served in the Pacific.

"It was marvellous to have the help from the soldiers. Us old people can't do this on our own, so we are very grateful to them for their support. It reminds me of something I was once told, which I have always remembered. If you can help somebody as you pass along, then your living has not been in vain," he said.

Captain Mel De Lange, Quartermaster for 2/1 RNZIR, said: "The 2/1 RNZIR Battalion has a history of supporting the veterans at Rannerdale Village. When the request for support came through, the units agreed to help immediately. These veterans have carved a pathway for all current serving soldiers, they deserve all the support that we can give them. Moving at any time in our lives is a stressful task so to be able to reassure them and make the process of settling into their new accommodation a little easier was the very least that we could do".



New Villas Open at Ranfurly Manor as Construction Moves Ahead

New villas at Ranfurly Manor in Feilding are selling themselves through word of mouth, with strong demand for this popular aged care facility.

The construction is part of a planned expansion at Ranfurly Manor's rest home, dementia and hospital care facility village, with plans for 32 one and two bedroom villas and 10 serviced care suites.

The care suites and the first lot of villas have been completed, with four villas now sold and occupied, and a further nine villas pre-sold and under construction. The care suites are connected to the existing aged care facility and provide rest home or hospital level care in apartment style living for residents.

Nelson Street Residents Run the 'Relay For Life'

On 25 March 2022, for two energetic hours, residents of Promisia's Nelson Street facility ran, walked and wheeled their way around laps of the facility as part of the Relay for Life event, raising funds for breast cancer.

Every resident took part and even those with some mobility issues gave it a go. Sponsorship and donations were raised from residents, family and friends, with funds raised donated to the Breast Cancer Foundation.

Training started well before the event day, with t-shirts, costumes, pink decorations and a pink themed afternoon tea on the day adding to the fun. The leader on the day was resident Brian Walker, who walked a total of 42 laps in the two hours.

"With several breast cancer survivors living in our facility, the Relay for Life is a cause close to our hearts. Residents and staff had a great afternoon and we are looking to making it an annual event."

Hayley McKean, Nelson Street Facility Manager,

Our Board & Leadership

STEPHEN UNDERWOOD BCA LLB

Independent Chairman
Appointed 8 June 2005

Stephen is a Wellington based business and management consultant. He is an experienced company director with an extensive background in venture capital investment and supporting the growth of emerging companies.

THOMAS BRANKIN Dip Agriculture & Dip Farm Management

Executive Director
Appointed 7 May 2013

Tom joined the Promisia Board in May 2013. He has been involved in building and operating aged care facilities and retirement villages for the last 30 years. Tom is currently the majority shareholder and executive director of Promisia. His other interests include commercial and residential property and farm management software.

HELEN DOWN BCA, FCIM

Independent Director
Appointed 30 May 2017

Helen is a well-known Wellington based expert in both marketing and governance. Helen is recognised for being instrumental in the growth of innovative and exciting small and medium-sized businesses, especially across the STEMM sectors.

ANDREW MITCHELL BCA, FCIM

Executive Director
Appointed 23 December 2021

Andrew has worked in the UK, New Zealand and Australian property markets for over 20 years, including 13 years as a senior executive and Chief Development Officer for Ryman Healthcare. As an executive director, Andrew provides business development services to Promisia, and has also invested in the company, with a 7% shareholding.

STUART BILBROUGH BCom, MBA, CA (NZ)

Chief Executive Officer

Stuart has extensive experience in the healthcare sector and was previously the Chief Executive Officer (and before that, Chief Financial Officer) of NZX-listed Radius Care. He has also held the role of Chief Financial Officer of Tamaki Health, New Zealand's largest network of primary care and urgent care medical clinics. Stuart's industry experience together with a strong commercial background in strategy development and financial planning make him well suited to lead the next stage of growth for our company.

VIRGINIA DYALL-KALLIDAS RCpN, BN, MN

General Manager Group Facilities

Virginia has a long history in health having started her career as an Enrolled Nurse and going on to become an RN and then got her Master of Nursing with Honours. Virginia is a qualified auditor and has held a number of senior management roles in the private sector including aged care. Virginia has held Facility Manager posts previously and has most recently been the Clinical Quality & Risk Manager – Lower North Island, for another listed aged care business.

ANGIE MEHLHOPT BCM, CA (NZ)

Financial Accountant

Angie joined Promisia in July 2021. She is a Chartered Accountant and has worked in the Aged Care sector for a number of years. Angie is responsible for financial management of the Promisia Group. She brings a strong accounting background having worked in professional services firms as well as holding finance roles in a number of commercial businesses in NZ and overseas.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	NOTES	12 MONTHS ENDED 31 MARCH 2022 $000	15 MONTHS ENDED 31 MARCH 2021 $000
Revenue	3	18,996	6,060
Gain on lease termination	13	943	-
Fair value gain on investment properties	10	-	1,250
Total Income		**19,939**	**7,310**
Administration expenses	4	(1,922)	(1,739)
Operating expenses	5	(13,544)	(4,555)
Depreciation and amortisation expense	9	(809)	(377)
Fair value loss on investment properties	10	(222)	-
Finance costs		(1,498)	(894)
Total Expenses		**(17,995)**	**(7,565)**
Net gain / (loss) before income tax		**1,944**	**(255)**
Income tax (expense) / credit	7	64	281
Discontinued operations			
Profit / (Loss) for year after tax from discontinued operations	6	19	30
Net gain for the period		**2,027**	**56**
Other comprehensive income / (loss)			
Reversal of foreign currency translation reserve		(176)	-
Items that may be later reclassified to profit or loss			
Loss on translation of foreign currency		-	(7)
Total other comprehensive income		**(176)**	**(7)**
Total comprehensive income / (loss)		**1,851**	**49**
Earnings Per Share (cents per share)		**Cents per share**	**Cents per share**
Basic & diluted earnings per share from continuing operations		0.0095	0.0004
Basic & diluted earnings per share from discontinued operations		0.0001	0.0004
Basic & diluted earnings per share from total operations		0.0096	0.0008

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	ISSUED CAPITAL $000	FOREIGN CURRENCY RESERVE $000	POOLING OF INTERESTS RESERVE $000	ACCUMULATED LOSSES $000	TOTAL $000
15 months ended 31 March 2021					
Opening balance	**58,526**	**183**	**-**	**(60,063)**	**(1,354)**
Net gain for period	-	-	-	56	56
Other comprehensive income / (loss)	-	(7)	-	-	(7)
Pooling of interest reserve	-	-	(717)	-	(717)
Share issue (Note 16)	18,869	-	-	-	18,869
Less share issue costs	(335)	-	-	-	(335)
Closing balance at 31 March 2021	**77,060**	**176**	**(717)**	**(60,007)**	**16,512**
12 months ended 31 March 2022					
Opening balance	**77,060**	**176**	**(717)**	**(60,007)**	**16,512**
Net gain for year	-	-	-	2,027	2,027
Other comprehensive income / (loss)	-	(176)	-	-	(176)
Share issue (Note 16)	235	-	-	-	235
Less share issue costs	(19)	-	-	-	(19)
Closing balance at 31 March 2022	**77,276**	**-**	**(717)**	**(57,980)**	**18,579**

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2022

	NOTES	12 MONTHS ENDED 31 MARCH 2022 $000	15 MONTHS ENDED 31 MARCH 2021 RESTATED $000
Equity			
Share capital	16	77,276	77,060
Accumulated losses		(57,980)	(60,007)
Pooling of Interest Reserve		(717)	(717)
Foreign currency translation reserve		-	176
Equity		**18,579**	**16,512**
Represented by:			
Assets			
Cash and cash equivalents		2,411	1,219
Trade and other receivables	8	2,091	2,034
Related Party advances	15	558	953
Property, Plant & Equipment	9	4,100	3,756
Right-of-use asset	9	-	9,285
Investment Property	10	42,015	40,677
Deferred Taxation	7	360	303
Total assets		**51,535**	**58,227**
Less:			
Liabilities			
Trade and other payables	11	4,167	2,837
Taxation Payable		198	472
Interest Bearing Loans & Borrowings	12	17,154	17,833
Lease Liability	13	-	10,040
Occupancy rights agreements	14	11,437	10,533
Total liabilities		**32,956**	**41,715**
Net assets		**18,579**	**16,512**

Authorised on behalf of the Board

Stephen Underwood
Chairman

Thomas Brankin
Director

Wellington
30 June 2022

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	NOTES	12 MONTHS ENDED 31 MARCH 2022 $000	15 MONTHS ENDED 31 MARCH 2021 RESTATED $000
Operating Activities			
Receipts from residents for care fees and services		18,911	4,247
Receipts of residents' loans from new sales		3,485	1,590
Payments to suppliers and employees		(14,433)	(4,314)
Repayments of residents' loans		(1,830)	(434)
Interest paid		(1,093)	(1,009)
Income tax		(275)	444
Net operating cash flows from discontinued operations		26	42
Net operating cash flows	23	**4,791**	**566**
Investing activities			
Acquisition of aged care assets		-	(21,586)
Purchase of investment property		(1,560)	-
Purchase of property, plant & equipment	9	(485)	(3,852)
Net investing cash flows		**(2,045)**	**(25,438)**
Financing activities			
Drawdown of loans		-	18,000
Issue of share capital, net		185	8,665
Payments for lease liabilities		(1,060)	(441)
Repayment of borrowings		(679)	(154)
Net cash flow from financing activities		**(1,554)**	**26,070**
Net increase in cash and cash equivalents		**1,192**	**1,198**
Cash and cash equivalents at beginning of period		1,219	21
Cash and cash equivalents at end of period		**2,411**	**1,219**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

Statement of Compliance

The financial statements presented are those of Promisia Healthcare Limited (the Company), and its subsidiaries (the Group). Promisia Healthcare Limited is a profit-oriented entity incorporated in New Zealand. Promisia Healthcare Limited's principal activities are the ownership and operation of retirement villages, rest homes, and hospitals for the elderly within New Zealand. The Group has transitioned from developing and marketing research based natural dietary supplements.

Promisia Healthcare Limited is a Financial Markets Conduct Act reporting entity under the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The Company's registered office is 66 High Street, Leeston.

These financial statements have been approved for issue by the Board of Directors on page 22.

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in New Zealand (NZ GAAP). These financial statements comply with International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis of Preparation

Accounting policies are selected and applied to ensure the resulting financial information satisfies the concepts of relevance and reliability, and the substance of the underlying transactions or other events being reported.

The financial statements are for the 12 months ended 31 March 2022.

The comparative figures are for the 15 months ended 31 March 2021. The Group changed its parents reporting date to align with the aged care subsidiary entities reporting dates that made up the continuing operations.

The comparative figures include the results of trading of the aged care facilities from the date of acquisition 30 October 2020 to 31 March 2021, being five months of operations only.

The information is presented in New Zealand dollars, the Group's functional and presentation currency, and rounded to the nearest thousand dollars unless stated otherwise.

Measurement basis

These consolidated financial statements have been prepared on a historical-cost basis, as modified by the revaluation of certain assets and liabilities, including investment properties, certain classes of property, plant and equipment and right of use assets.

Critical judgements in applying accounting policies

In applying the groups accounting policies, management must make judgements, estimates, and assumptions. The application of NZ IFRS also requires the use of certain critical accounting estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are reasonable under the circumstances. These estimates and assumptions concern projections of the future and will seldom equal the related actual results.

The estimates and assumptions are reviewed and evaluated continuously. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period.

The areas requiring a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the following notes:

- Valuation of property, plant and equipment – summary of accounting policies and Note 9.
- Valuation of investment property – summary of accounting policies and Note 10.
- Revenue recognition – Note 3.
- Value of right of use assets at commencement – Note 13.
- Value of Occupational Rights Agreements (ORAs) – Note 14.
- Value of lease liability and accounting for lease modification - Note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

Applicability of the going concern basis of accounting

Whilst the COVID-19 pandemic and the public health, social and economic measures have lowered overall economic activity and confidence (as described on page 11), management has assessed and determined that the Group's application of the going concern basis of accounting remains appropriate.

1. SUMMARY OF ACCOUNTING POLICIES

The following significant accounting policies have been adopted to prepare and present the financial statements of the Group.

Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all entities that comprise the Group, being the Company (the parent entity) and its subsidiaries as defined in NZ IFRS 10 Consolidated Financial Statements. A full list of subsidiaries appears in Note 24 to the financial statements.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

All inter-company transactions and balances are eliminated in full on consolidation.

Pooling of interest method

Promisia Healthcare Limited applied the pooling of interest method when measuring the value of the acquired aged care facilities. The pooling of interest method was elected as the acquisition was from a related party, giving a common controlling interest. The pooling of interest method requires acquisition assets and liabilities to be recorded at the net book value as at 30 October 2020, the date of the transaction. The property acquired was revalued to fair value by the vendor immediately prior to acquisition.

Revenue recognition

Revenue is recognised in accordance with NZ IFRS 15. Deferred management fees and rental income are considered leases under NZ IFRS16, and therefore excluded from the scope of NZ IFRS 15. None of the Group's revenue, as defined by NZIFRS 15, contains significant financing components.

A contract for care fees is in place with all care residents by means of an admission agreement. The resident receives the benefit as the care is administered and each resident incurs a contracted daily care fee set each year by the Government. Rest home and hospital service fees are recognised at the point in time the services are rendered.

Deferred management fees are for the right to occupation and share in the use of community facilities and are payable by residents of the Group's units and apartments under the terms of their ORA. Deferred Management fees are typically payable on termination of the ORA up to a maximum percentage of a resident's occupation licence for the right to share in the use and enjoyment of common facilities. The timing of the recognition of deferred management fees is a critical accounting estimate and judgement. The deferred management fees are recognised on a straight-line basis over the average expected occupancy for the relevant accommodation being:

- Internal Apartments 3.4 - 4.0 years
- External Villas 6.8 - 7.0 years

Estimates of expected occupancy are reviewed periodically. Where a change is made, it is the Group's policy to recognise the aggregate impact of this change in the period in which the change in estimate occurs.

The Group has a contractual right to management fees in the first two years of occupancy. The timing difference in the contractual right to receive the management fees and the accounting recognition of the revenue over the estimated expected occupancy gives rise to a liability for revenue in advance. As at 31 March 2022 revenue in advance of $0.98m (2021: $0.88m) was recorded, not yet released to the profit or loss. See Note 11.

Village service fees are charged to residents to recover a portion of village operating costs associated with services provided including staff wages, rates, and electricity. Village service fees are recognised as services are rendered.

Other income includes other services to residents, training income for students, and administration income on the settlement of ORAs. This is recognised as services are provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

Investment property

Promisia Healthcare Limited is applying the accounting policies under NZ IAS40 for Investment Property.

Investment property has been valued at fair value by an independent registered valuer on acquisition. Investment property is subsequently valued at each reporting period with any gains or losses resulting from the revaluation recorded as profit or loss. Fair value is determined using the discounted cash-flow methodology.

Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Property, plant and equipment

The Nelson Street rest home property in Feilding is measured at fair value, including furniture and fittings, as it is an owner operated facility and is not subject to any occupancy rights agreements. Subsequent to acquisition revaluations are undertaken every three years unless there is sustained market evidence of a significant change in market value.

Other fixed assets are recorded at historical cost and depreciated. Property is revalued from time to time with the resulting gain or loss in value recognised in other comprehensive income. If losses exceed previous revaluation gains, the loss will be recognised in the profit or loss.

Impairment of property, plant and equipment

At each reporting date the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Goods and services tax (GST)

The statement of comprehensive income has been prepared exclusive of GST. All items in the statement of financial position are stated net of GST, except for receivables and payables which include GST. Operating cash flows are presented on a GST exclusive basis.

Foreign currencies

Transactions in foreign currencies are initially recognised in the functional currency of the foreign operation. At balance date, foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these transactions are recognised in the income statement. The assets and liabilities of foreign operations, whose functional currency is not the New Zealand dollar, are translated at the closing rate. Revenue and expense items are translated at the spot rate at the transaction date or a rate approximating that rate. Foreign currency exchange differences are recognised in the foreign currency reserve.

The foreign currency reserve is recognised in the profit or loss when the foreign operation or net investment is disposed of.

Receivables and impairment

Trade and other receivables are recognised at fair value less an allowance for expected credit losses. Loss allowances relate solely to expected credit losses arising from contracts with customers. The amount of credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. An expected credit loss is determined based on the historic credit loss rates, adjusted for other current observable data that may materially impact the Group's future credit risk, including customer specific factors, current conditions and forecasts of future economic conditions.

Trade receivables are written off when there is no reasonable expectation of recovery.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered. All employee entitlements at 31 March 2022 are short-term and are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service. See Note 11.

Borrowings

Borrowings are initially recognised at fair value and are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the Consolidated Statement of Comprehensive Income. Borrowing costs are recognised in the Consolidated Statement of Comprehensive Income over the period of the loan agreements to which they relate.

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of in the current, or prior, reporting period or is classified as held for sale at the reporting date, and that represents a separate major line of business or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are disclosed separately in the statement of profit or loss and other comprehensive income.

Income tax

Income tax expense/(credit) comprises both current and deferred tax and is recognised in the consolidated statement of comprehensive income. Current tax is the expected tax payable on the taxable income for the year subject to adjustment by tax payable in respect of previous years and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying income, amount of assets and liabilities in the financial statements and corresponding tax bases. Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Current tax and deferred tax is charged or credited to the profit or loss, except where it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Deferred tax on investment property

Deferred tax on investment property is assessed on the basis that the asset value will be realised through use ("Held for Use").

The Group's ORAs comprise two distinct cash flows, being an ORA deposit upon entering the unit and the refund of this deposit, less deferred management fee, on exit. The Group considers it appropriate to recognise and measure the tax base and associated deferred tax based on the contractual entitlements over the ORA periods as this best represents the Group's liabilities to residents as at the reporting date.

Depreciation

Depreciation is provided on all property, plant and equipment, other than freehold land. Depreciation is calculated to allocate the asset's cost less estimated residual value, over the estimated useful life, starting from when the assets are ready for use, as follows:

- Buildings 2% Diminishing Value
- Leasehold improvements 10% Straight Line
- Plant and equipment 10 - 50% Diminishing Value
- Office equipment 16 - 50% Diminishing Value
- Furniture and fittings 10 - 40% Diminishing Value

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimations accounted for on a prospective basis.

No depreciation is provided for investment properties.

Right-of-use assets relating to leases are depreciated on a straight-line basis over the term of the lease.

Standards and interpretations on issue but not yet adopted

The directors do not consider that any NZ IFRS standards or interpretations that have been issued or amended recently that have not yet been adopted by the Group would materially impact the Group in future periods.

Restatement to 31 March 2021 consolidated balance sheet and consolidated statement of cash flows

As part of the commissioning of the Aldwins House facility, Teltower Limited (the landlord and related party) funded the build of a new kitchen and laundry to the value of $1m. This was initially to be by way of loan however, under the Deed of Option Purchase Agreement, it was agreed that the purchase price would be increased by an amount equivalent to the cost of building the new kitchen and laundry up to a maximum value of $1m. The Deed of Option to Purchase Agreement lapsed by mutual agreement on 9 August 2021. Neither the Agreement to Lease nor the Deed of Option to Purchase Agreement provide repayment provisions for the $1m spent on the laundry/kitchen redevelopment. The fit out of the new kitchen and laundry are the property of the landlord.

Following the lapse of the Deed of Option to Purchase Agreement, the Group commissioned a further legal review of the contract. Having considered the results of this legal review and the above facts, the Board considers that the 31 March 2021 Balance Sheet representation of this transaction as a loan does not correctly reflect the contractual position and accordingly requires restatement. NZ IAS 8 (Accounting policies, changes in accounting estimates) requires retrospective correction of material prior period errors, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error, and requires disclosure of prior period errors.

The Board considers that it is appropriate to restate the Balance Sheet as at 31 March 2021. The impact of this restatement is to reduce property, plant and equipment by $1m and reduce related party loans by $1m. An adjustment to reduce associated depreciation expense by $0.08m has been recognised in the profit and loss for the year ended 31 March 2022.

Restatements to 31 March 2021 Balance Sheet	AS RESTATED	AS PREVIOUSLY REPORTED
	31 MARCH 2021	31 MARCH 2021
	$000	$000
Property, plant & equipment	3,756	4,756
Related party loans	-	(1,000)

Restatements to 31 March 2021 Statement of Cashflows	AS RESTATED	AS PREVIOUSLY REPORTED
	31 MARCH 2021	31 MARCH 2021
	$000	$000
Purchase of property, plant & equipment	(3,852)	(4,852)
Drawdown of loans	18,000	19,000

On the 23 December 2021, Aldwins House Limited, a wholly owned subsidiary of Promisia Healthcare Limited, entered a conditional agreement with its landlord, Teltower Limited (vendor) to acquire Aldwins House for $13 million. Under the agreement the vendor agreed to lend $4 million of the purchase price on a four-year term. Debt funding was secured from the BNZ for $7.5 million and Senior Trust for $1.5 million. All conditions of this acquisition were met by the 31 March 2022 and settlement took place after balance date on 1 April 2022.

2. GOING CONCERN

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

In the prior year the acquisition of the aged care facilities recapitalised the Group. This provided tangible assets to the group with the expectation of both profits and positive cash flows from operations. The acquisition allowed shareholders to retain their shares, providing them with an interest in an established business in the aged care sector with strong growth prospects.

The Directors are comfortable that based on the historic performance, detailed cash flow projections, and the support provided by Directors, the Group will be able to meet its cash flow requirements as they fall due. The Group has reported a net gain before tax of $1.944m (2021: net loss ($0.255m)). The prior year loss included significant costs relating to the acquisition of the aged care facilities totalling $0.865m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

Global pandemic of coronavirus disease 2019

On 11 March 2020, the World Health Organization declared the ongoing global outbreak of a novel coronavirus, known as 'coronavirus disease 2019' ('COVID-19'), as a pandemic. In response, governments (including in New Zealand) have implemented a range of public health and social measures to prevent and contain the transmission of COVID-19 and economic responses to provide financial stimulus and welfare support to mitigate the economic impacts of the COVID-19 pandemic.

During the current year, this included fifteen weeks of Level 4 and 3 restrictions under New Zealand's four-tiered 'COVID-19 Alert Level system' for the Auckland region between August and December 2021. On 3 December 2021, New Zealand transitioned to 'the COVID-19 Protection Framework (traffic lights)'. This new framework has three settings – Red, Orange and Green. The entire country moved to the Orange setting on 3 December 2021, with the exception of several regions including Auckland, which moved to the Red setting. Auckland subsequently moved to the Orange setting on 31 December 2021.

The pandemic and these public health and social measures implemented have lowered overall economic activity and confidence due to reduced ability for businesses to operate and reduced demand for many goods and services, resulting in significant volatility and instability in the financial markets.

Whilst the Group has not experienced any negative impact on revenue and demand for the goods and services it produces, management acknowledges that the wider economic impact of the pandemic mean there has been an increase in the level of inherent uncertainty in the significant accounting estimates and judgements applied by management in the preparation of these financial statements.

These financial statements have been prepared based upon conditions existing as at 31 March 2022 and considers those events occurring subsequent to that date that provide evidence of conditions that existed at the end of the reporting period.

As the outbreak of the COVID-19 pandemic occurred before 31 March 2022, its impacts are considered an event that is indicative of conditions that arose prior to this reporting period. Accordingly, as at the date of signing these financial statements, all reasonably known and available information with respect to the COVID-19 pandemic has been taken into consideration in the critical accounting estimates and judgements applied by management and all reasonably determinable adjustments have been made in preparing these financial statements.

3. REVENUE

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Rest home, hospital & dementia fees	18,046	5,741
Deferred management fees	650	268
Village service fees	50	15
Leave support Covid subsidy	38	-
Insurance Claim	13	-
Other revenue	199	36
Total Revenue	**18,996**	**6,060**

Other revenue

Other income includes other services to residents, training income for students, and administration income on the settlement of ORAs. This revenue is recognised as services are provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

4. ADMINISTRATION EXPENSES

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Legal expenses	182	645
NZX Listing & regulatory expenses	85	253
Insurance	195	135
Other administration costs	1,460	706
Total operating expenses	**1,922**	**1,739**

Legal expenses and NZX listing and regulatory fees incurred in 2021 are associated with the acquisition and entry into the aged care business and are largely considered to be one-off costs.

Other administration costs include utility costs, advertising, directors' fees, consulting, audit fees (refer Note 19) and accounting fees.

5. OPERATING EXPENSES

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Employee benefits and other staff costs	10,702	3,733
Property-related expenses	148	77
Other operating costs	2,694	745
Total operating expenses	**13,544**	**4,555**

Employment expenses relate to wages and salaries to employees, which includes holiday pay and employee incentives. These employment expenses are recognised as the benefit accrues to the employee.

Property related expenses and other operating costs relate to costs associated with running a retirement village and aged residential care such as consumables, electricity, insurance, rates, and repairs and maintenance. These expenses are recognised as they occur.

6. DISCONTINUED OPERATIONS

The Group has transitioned from developing and marketing research based natural dietary supplements to the ownership and operation of retirement villages, rest homes, and hospitals for the elderly within New Zealand.

The operation of development and marketing research based natural dietary supplements Australian and USA companies are in the process of being wound up. This process should be completed in the financial year ending 31 March 2023.

The natural dietary supplements business has therefore been classified as discontinued operations. in the statement of comprehensive income.

The operation of retirement villages, rest homes, and hospitals for elderly within New Zealand, has been classified as continuing operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

Discontinued operations results:

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Revenue	24	95
FX realised gain	2	14
Total Revenue	**26**	**109**
Expenses		
Operating expenses	-	(67)
Total Expenses	**-**	**(67)**
Operating gain	**26**	**42**
Finance costs	-	-
Net gain before tax	**26**	**42**
Taxation expense	(7)	(12)
Net gain from discontinued operations	**19**	**30**

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Operating Activities		
Receipts from customers	24	96
Payments to suppliers and employees	2	(54)
Net operating cash flows from discontinued operations	**26**	**42**
Net cash provided from discontinued operations	**26**	**42**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

7. INCOME TAX EXPENSE

Income tax comprises current and deferred tax and is recognised in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). The applicable tax rate is 28% (2021: 28%).

Promisia Healthcare Limited carries forward tax losses that can be offset against annual income tax. As at the 31st March 2022 the residual losses available to be carried forward are $2.2m.

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Income tax expense		
Current tax	-	120
Deferred Tax	(57)	(389)
Total income tax expense / (credit)	**(57)**	**(269)**
Reconciliation to net gain / (loss) before tax		
Net gain / (loss) from continuing activities	1,944	(255)
Income Tax Expense calculated at 28%	544	(71)
Tax effect of:		
Fair value loss / (gain) on investment property	62	(350)
Utilisation of past tax losses	(388)	-
Release of foreign currency reserve	(49)	-
Depreciation allowance on investment property	(33)	(14)
Aldwins House lease termination	(59)	59
Other temporary differences	(134)	107
Total income tax expense / (credit)	**(57)**	**(269)**
Current tax attributable to continuing operations	(64)	(281)
Tax attributable to discontinued operations	7	12
Total income tax expense / (credit)	**(57)**	**(269)**

There are no imputation credits available to shareholders, (2021 $nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

Deferred tax

Deferred tax arises as a result of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

Deferred tax assets and liabilities have been offset in accordance with NZ IAS 12 Income Tax. The deferred tax has been calculated on the assumption that there will be no change to tax law or circumstances.

The Group recognises tax losses in the balance sheet to the extent that tax losses offset deferred income tax liabilities arising from temporary differences and the requirements of income tax legislation can be satisfied. Significant judgement is required in determining whether shareholder continuity and other tax legislation requirements will continue to be met in the future in order for tax losses to be recognised. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

	31 MARCH 2022	31 MARCH 2021
	$000	$000
Deferred tax movements		
Opening balance	303	-
Balances acquired	-	423
Lease and RoU asset under IFRS 16	(211)	24
Recognised tax losses	(269)	269
Fair value movement	350	(350)
Temporary difference in income statement		
Property, plant and equipment	(117)	(50)
Deferred management fees	28	11
Holiday pay	254	-
Other temporary differences	22	(24)
	360	**303**
Balance at end of year		
Right-of-use asset	-	(2,600)
Lease liability	-	2,811
Recognised tax losses	-	269
Investment property movement	-	(350)
Property, plant and equipment	(167)	(50)
Deferred management fees	275	247
Holiday pay	254	-
Other temporary differences	(2)	(24)
Deferred tax asset / (liability)	**360**	**303**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

8. TRADE AND OTHER RECEIVABLES

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Trade receivables	1,049	745
ORA settlements owing	545	995
Other debtors	-	25
Prepayments	476	249
NZX Deposit	20	20
Total trade and other receivables	**2,091**	**2,034**

Debtors are non-interest bearing, although the Group has the right to charge interest on overdue settlements of occupancy advances or overdue care fees. Trade receivables principally comprise amounts due for care fees.

Care fees are received from residents (payable monthly in advance) and various government agencies. Government agency payment terms vary but are typically paid fortnightly in arrears for care services provided to residents.

Long term occupancy settlements owing are amounts due from incoming residents who have entered into an occupation right agreement (ORA) on one of the Group's units or serviced apartments.

There is no significant concentration of credit risk as trade debtors are either individual residents or government agencies. There is a provision for expected credit losses of $0.018m (2021: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSET

	LAND & BUILDING AT VALUATION	OTHER	PLANT, PROPERTY & EQUIPMENT TOTAL	RIGHT OF USE ASSETS
	$000	$000	$000	$000
15 months ending 31 March 2021				
Opening gross carrying amount	-	15	15	-
Additions	3,250	602	3,852	10,007
Disposals	-	(15)	(15)	-
Closing gross book value	**3,250**	**602**	**3,852**	**10,007**
Accumulated depreciation				
Opening accumulated depreciation	-	(12)	(12)	-
Additions	-	-	-	(445)
Disposals	-	15	15	-
Depreciation	(26)	(73)	(99)	(278)
Closing accumulated depreciation	**(26)**	**(70)**	**(96)**	**(723)**
Net book value at 31 March 2021	**3,224**	**532**	**3,756**	**9,285**
12 months ending 31 March 2022				
Opening gross carrying amount	3,250	602	3,852	9,285
Additions	-	485	485	-
Closing gross book value	**3,250**	**1,087**	**4,337**	**9,285**
Accumulated depreciation				
Opening accumulated depreciation	(26)	(70)	(96)	(278)
Disposals	-	-	-	(8,340)
Depreciation	(63)	(78)	(141)	(667)
Closing accumulated depreciation	**(89)**	**(148)**	**(238)**	**(9,285)**
Net book value at 31 March 2022	**3,161**	**939**	**4,100**	**-**

All completed rest homes included within the definition of freehold land and buildings were at fair value on acquisition at 30 October 2020 based on an independent valuation report prepared by registered valuers, CBRE Limited. They were not revalued at 31 March 2022.

Right-of-use assets

Included within property, plant and equipment are right-of-use assets relating to leases, see Note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

10. INVESTMENT PROPERTIES

Investment properties are not depreciated and are fair valued. As the fair value of investment property is determined using inputs that are unobservable, the Group has categorised investment property as Level 3 under the fair value hierarchy in line with NZ IFRS 13 Fair Value Measurements.

The carrying value of investment property is the fair value as determined by an independent valuation report prepared by registered valuers CBRE Ltd as at 31 March 2022. This report combines discounted future cash flows and occupancy advances received from residents for retirement village units, for which there is a licence to occupy.

	31 MARCH 2022	31 MARCH 2021
	$000	$000
Balance at beginning of period	31,025	-
Acquisition of villages	-	19,242
Occupancy advances from acquired villages	-	9,685
Amounts received on issue of new ORAs	3,485	1,590
Amounts repaid on termination of ORAs	(1,830)	(434)
Deferred management fees	(751)	(308)
Movement in revenue in advance	(147)	-
Fair value movement - unrealised	(222)	1,250
Net fair value of investment property	**31,560**	**31,025**
Add		
Investment property under construction	-	-
Liability for residents' loans	11,437	10,533
Net (revenue in advance) / accrued income	(982)	(881)
Investment property	**42,015**	**40,677**
Gross market value of investment facilities	39,215	38,077
Development land	2,800	2,600
Investment property	**42,015**	**40,677**

New Villas

Amounts received on issue of new ORAs includes four new villas with an acquisition cost of $1.56m.

Uncertainty due to COVID-19 pandemic

The valuation of investment properties at 31 March 2022 is based on the information available to CBRE Limited at the time of the valuation and relies on several key inputs and assumptions. (2021: CBRE Limited). The valuations are sensitive to changes in key inputs. The valuer has elected a value at a point between valuation on a capitalisation approach (based on forecast EBITDAR) and a direct comparison approach. This is summarised as:

	$000	
Estimated value by capitalisation approch	30,990	(2021: 30,225)
Estimated value by direct comparison	31,940	(2021: 31,625)
Valuation adopted	31,560	(2021: 31,025)

Given the COVID-19 pandemic there is an increase in the uncertainty in determining the fair value of investment property. CBRE Limited has commented on the New Zealand market uncertainty in the valuation report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

Given this heightened uncertainty surrounding the impact COVID-19 may have on real estate markets in the future, a high degree of caution should be exercised when relying upon the valuation. Values may change more rapidly and significantly than during standard market conditions.

The use of the direct comparison approach provides a market evidenced comparative of EBITDAR per bed. CBRE provide a range of for a between $70,000 to $110,000 per rest home bed up to the higher margin hospital care level of between $90,000 to $150,000 per bed.

Promisia Healthcare has worked hard to maintain margins but like others in the industry have seen costs, especially wages, grow at a rate that exceeds revenue growth. This has resulted in a decrease in the average EBITDAR per bed from 2021 of $98,000 to 2022 of $94,000.

Key assumptions

The fair values were based on a discounted cash flow model applied to expected future cash flows generated by the investment properties and by a direct comparison approach based on value per bed.

The major assumptions used are as follows:

Growth rates	2.7% (2021: 2.21% - 3.02%)
Target IRR	16.5% to 18.0% (2021: 16.5% - 18.0%)
Average occupancy	84.1% to 91.3% (2021: 85.0% - 91.3%)
Discounted cash flow period	20 years (2021: 20 years)

Sensitivity

A 0.5 percent decrease in the discount rate would result in a $0.25m higher fair value measurement (2021: $0.20 million). Conversely, a 0.5 percent increase in the discount rate would result in a $0.24m lower fair value measurement (2021: $0.19 million).

Other inputs used in the fair value measurement of the Group's investment property portfolio include the average age of residents and the occupancy period.

A significant increase in the average age of entry of residents or the long-term nominal house-price inflation rate would result in a significantly higher fair value measurement. Conversely, a significant decrease in the average age of entry of residents or the long-term nominal house-price inflation rate would result in a significantly lower fair value measurement.

Security

Residents make interest-free advances (occupancy advances) to the retirement villages in exchange for the right to occupy retirement-village units, see Note 14. Under the terms of the occupancy agreement, the resident receives a first mortgage held over the individual title by the statutory supervisor.

11. TRADE & OTHER PAYABLES

	31 MARCH 2022	31 MARCH 2021
	$000	$000
Trade payables	1,546	1,083
Employee entitlements	1,372	873
Revenue received in advance	982	881
ORA resident payables	267	-
Total trade and other payables	**4,167**	**2,837**

Revenue received in advance of $0.982m (2021: $0.881m) represents the contractual deferred management fees received not yet released to the profit and loss on the accounting basis of estimated expected occupancy periods of between 3.4 and 7.0 years. Based on current estimated expected occupancy periods $0.361m of the revenue in advance balance will be recognised as income within 1 year (2021: $0.341m), $0.521m in 2 to 4 years (2021: $0.499m), and $0.100m in 5 to 7 years (2021: $0.041m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

12. INTEREST BEARING LOANS

Bank loans (secured)

Acquisition of the aged care facilities resulted in the drawdown of $17.6m of debt, of which $12.6m was provided by Bank of New Zealand Limited. These term loans are secured by a first mortgage security over the aged care facilities, interest rates of 2.29% - 5.15% (2021: 2.29% - 4.56%) at balance date. One loan of $3.5m is repayable in 60 equal instalments. All other BNZ loans fall due for repayment on 20 October 2023. A further $5m was provided by Senior Trust Retirement Village Income Generator Limited holding a second mortgage security over the aged care facilities. This loan is interest only with a fixed interest rate of 10.75%p.a. Repayment is required in full on 30 October 2024.

Funding was provided by Monument Finance Limited for the payment of insurance premiums. At balance date $0.108m (2021: $0.111m) remained payable to Monument Finance Limited.

	31 MARCH 2022	31 MARCH 2021
	$000	$000
Interest bearing loans		
Current portion	800	788
Term portion	16,354	17,045
Total interest bearing loans	**17,154**	**17,833**
Comprised of:		
Monument Finance Limited - Insurance Funding	108	111
BNZ - Eileen Mary Age Care Property Limited	2,900	2,900
BNZ - Ranfurly Manor No: 1 Limited	5,430	5,430
BNZ - Ranfurly Manor No: 1 Limited	2,546	3,222
BNZ - Nelson Street Resthome Limited	1,170	1,170
Senior Trust - Ranfurly Manor No: 1 Limited	5,000	5,000
Total interest bearing loans	**17,154**	**17,833**

During the quarter ended 30 June 2021 the Group was in breach of one of two banking covenants. The BNZ issued a waiver for the breach. At 31 March 2022 the Group has achieved both banking covenants. Refer to Note 26 on subsequent events.

13. LEASE LIABILITIES

The Group leases a rest home and hospital facility at 62 Aldwins Road, Christchurch.

The Group entered into an agreement dated 23 December 2021 to terminate the lease through the purchase of the land and building. The lease was modified with effect on the 31 March 2022 and the effective date of the lease modification was the 31 March 2022 as that was the date that the lease modification was legally binding and formally agreed by both parties.

With the termination of the lease, the right of use asset and the lease liability are removed from the balance sheet. This has resulted in a gain on lease termnation of $0.94m.

The purchase of the land and building settled on 1 April 2022. At 31 March 2022, the lease liability reflects one days' rent payable as the lease was only fully terminated on the 1 April 2022 when the risks and rewards associated with the building passed officially to the former lessee and terminated the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

NZ IFRS16 requires the initial recognition of a right-of-use asset valued at the present value of future lease payments, along with the recognition of a lease liability. Subsequent measurement of the right-to use asset based on an incremental borrowing rate of 5.91% (2021: 5.91%) requires depreciation of the asset over the lease term along with any impairment losses. Subsequent measurement of the lease liability is made to reflect the interest on the lease liability and the lease payments made.

The right of use asset relating to this lease is included within property, plant and equipment (Note 9).

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Opening net book value	10,040	-
Additions	-	10,231
Disposal	(9,560)	-
Interest	581	250
Lease payments made	(1,060)	(441)
Closing Lease Liability	**-**	**10,040**
Interest on lease liability	581	250
Depreciation on right of use asset	667	278
Gain on termination of lease	(943)	-
Amounts recognised in profit & loss	**305**	**528**
Total lease payments in the period	**1,060**	**441**

14. OCCUPANCY ADVANCES (NON-INTEREST BEARING)

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Balance at beginning of financial period	**10,533**	**-**
Amounts from acquired villages	-	9,685
Amounts received on issue of new ORAs	3,485	1,590
Amounts repaid on termination of ORAs	(1,830)	(434)
Deferred Management Fees (per contract)	(751)	(308)
Balance at end of financial period	**11,437**	**10,533**

Occupancy advances are amounts paid to Promisia Healthcare Limited by a resident on being issued the right to occupy one of the Group's units or serviced apartments under an occupation right agreement ("ORA"). The ORA confers a right of occupancy until such time as the right is terminated.

Occupancy advances are non-interest bearing and are repayable to the exiting resident, net of any amount owing to the Group, whereby a new ORA for the unit or serviced apartment may then be issued to an incoming resident.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

15. RELATED PARTY TRANSACTIONS

	NOTES	12 MONTHS ENDED 31 MARCH 2022 $000	15 MONTHS ENDED 31 MARCH 2021 $000
Transactions with related parties			
Income		-	-
Expenses			
Directors fees		166	123
Payments:			
Lease payments to Teltower Ltd	iv	1,060	442
Interest paid to Brankin Family Interest Trust	i	-	219
Funds advanced to Brankin Family Interest Trust	i	-	1,085
Purchase of assets from Brankin Family Interest Trust	ii	-	31,385
Receipts:			
Funds advanced by D Priest	iii	-	20
Funds advanced by Brankin Family Interest Trust	i	395	1,000
New equity from Brankin Family Interest Trust	ii	-	8,000
Balances with related parties			
Brankin Family Interest Trust - receivable	i	558	953
Related party advance balances outstanding at end of period		**558**	**953**

i. The Brankin Family Interest Trust is a related party to TD Brankin, a shareholder and a director of the Group. These advances from the Brankin Family Interest Trust formed a vendor loan totalling $1,558k (2020: $558k), interest free until 31 March 2022. On 24 March 2021 at a special meeting of shareholders it was resolved that 1,557,683,100 shares be issued capitalising the loan from Brankin Family Interest Trust at a price of $0.001 per share. Post the acquisition, settlements have been made by the Group to, or on behalf of, the vendor netting to $395k (2021: $997k).

ii. In the prior year the Group completed the purchase of three aged care facilities for $31.385m on 30 October 2020 from Brankin Family Interest Trust. The acquisition involves the purchase of assets and the assumption of certain liabilities. Financing the purchase included issuing $8m of shares at $0.001 per share to the vendor.

iii. Teltower Limited is the landlord of Aldwins House and is a related party of The Wellington Company Limited (previously a substantial shareholder of the Group).

iv. Lease payments totalling $1.060m (2021: $0.442m for 5 months of trading) were made to Teltower Limited.

v. Design Care Group Ltd is a related party as it is owned by the Brankin Family Interest Trust. The Promisia Group had entered into a fixed price agreement for the development of land surrounding the Ranfurly Residential Care Centre, with Design Care Group Ltd. On 25 June 2021 Design Care Group Ltd entered a deed of assignment with Colspec Construction Limited, the Group engaged to construct the villas and internal units. This means the fixed price agreement is now directly between Colspec Construction Limited and Promisia Healthcare Limited. A shareholder of Colspec Construction Limited has a 5% shareholding in Promisia Healthcare Limited. The agreement provides a period of seven years for the development of ten internal units, two 1-bedroom villas and thirty 2-bedroom villas to be completed at a fixed price of up to $14.18m. This will be paid from the ORA sale proceeds from individual units once complete. If the ORA sale proceeds per unit fall below specified values, then the loss is borne by Colspec Construction Limited. If the ORA sale proceeds per unit exceed the pre-determined values, the amount in excess becomes a gain to the Group. This development will not require any capital cash commitments from the Promisia Group, the ORA sale proceeds will fully fund the development. There was no financial impact on the Group in the current financial year from this agreement. At reporting date 10 units have been built and 3 ORAs have been signed.

vi. No balances with related parties were written off or forgiven in the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

16. SHARE CAPITAL

	12 MONTHS ENDED 31 MARCH 2022	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021	15 MONTHS ENDED 31 MARCH 2021
	SHARES 000	$000	SHARES 000	$000
Balance at beginning of financial period	21,021,209	77,060	2,151,797	58,526
Shares issued	263,766	235	18,869,411	18,869
Less share issue cost		(19)		(355)
Balance at end of financial period	**21,284,975**	**77,276**	**21,021,209**	**77,060**

Issued and fully paid ordinary shares

2022

There were 21,284,975,154 ordinary shares on issue at 31 March 2022 (15 months to 31 March 21: 21,021,209,451).

On 1st April 2021, 250,000,000 fully paid ordinary shares were issued at a price of $0.001 per share to wholesale investors.

On 30th July 2021, Promisia completed the acquisition of shares held by persons with less than a minimum holding. The total shares acquired were 51,518,410 at consideration of $0.096m of which $0.019m was donated to KidsCan for shareholders who could not be traced or did not advise a bank account and/or kindly donated their sale proceeds.

On 30th July 2021, 50,000,000 new shares were allotted at an issue price of $0.001 per share to wholesale investors.

On 30th July 2021, 15,285,000 new shares were allotted at an issue price of $0.002 per share in consideration for services provided to Promisia which equates to $0.030m.

Following these transactions total shareholder numbers reduced from 1,952 to 600.

2021

At the shareholders' meeting held on 11 June 2020, shareholders approved the issue of $8m of new equity for cash at a price of $0.001 per share to finance the acquisition of the aged care facilities from the Brankin Family Interest Trust and to provide working capital. This equated to an additional 8 billion shares issued. A further 6 billion shares were issued to equity subscribers to assist with the purchase of the aged care facilities at a price of $0.001 per share, equating to a value of $6m.

In December 2020, a further 750 million shares were issued at a price of $0.001 per share to provide additional capital with another 250 million shares issued in March 2021.

On 24 March 2021 at a special meeting of shareholders it was resolved:

- 1,557,683,100 Shares be issued at a price of $0.001 per share to the Brankin Family Interest Trust to capitalise a loan.
- 300,000,000 Shares be issued at a price of $0.001 to the Brankin Family Interest Trust to raise additional capital.
- 92,683,333 Shares be issued at a price of $0.001 to the Directors to capitalise part of the unpaid Directors' fees.
- Capitalisation of Brankin loan within the Creep Limit, $0.218m at a price of $0.001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

17. EARNINGS PER SHARE

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Net Gain / (Loss) from continuing operations	2,008	26
Net Gain / (Loss) from discontinued operations	19	30
	CENTS PER SHARE	CENTS PER SHARE
Basic and diluted earnings from continuing operations per share	0.00946	0.0004
Basic and diluted earnings from discontinued operations per share	0.0001	0.0004
	NUMBER OF SHARES 000'S	NUMBER OF SHARES 000'S
Weighted average number of shares for basic and diluted EPS	21,222,134	7,077,555

The calculation of basic earnings per share is based on the loss from continuing operations attributable to ordinary shareholders and the weighted average of total ordinary shares on issue during the year. The calculation of diluted earnings per share is the same calculation as basic earnings per share as there were no share options to be exercised (2021: nil).

18. FINANCIAL INSTRUMENTS

The financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, occupancy advances, loans, and lease liabilities.

Credit risk management

Credit risk is the risk of failure of a debtor or counterparty to honour its contractual obligation resulting in financial loss to the Group.

Financial assets which potentially subject the Group to credit risk, consist principally of cash and cash equivalents, trade and other receivables and related party advances. The maximum credit risk at 31 March 2022 is the carrying amount of these assets. The Group does not require collateral from its debtors.

The Directors consider the Group's exposure to any concentration of credit risk to be minimal, given that (typically):

- The occupation of a retirement unit does not occur until a deposit has been received from the incoming resident.
- Care fees are payable monthly in advance from residents.
- Care fees not due from residents are paid by government agencies.

The total credit risk to the Group at 31 March 2022 was $1.78m (2021: $1.74m) and there were no material overdue debtors at 31 March 2022 (2021: $nil). There is a provision for credit loss recorded of $0.018m (2021: $nil).

Interest-rate risk

The interest rates applicable to the bank loans are a mixture of fixed and variable and are reviewed at maturity of each fixed term loan. There is $9.5m (2021: $9.5m) of bank debt that is floating interest rate. A 1% increase in interest rates would cost the Group an additional $0.095m (2021: $0.095m) in interest expense annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due without incurring unacceptable losses or risking reputational damage. The Group manages liquidity to ensure it has sufficient liquidity to meet its liabilities when they fall due.

The Group manages liquidity risk on occupancy advances through the contractual requirements in the occupancy rights agreement. Following a termination of the agreement, the occupancy advance is repaid on receipt of the new occupancy advance from the incoming resident.

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities, and by regularly monitoring forecast and actual cash flows and maturity profiles of financial assets and liabilities.

Maturity profile

The following table details the exposure to liquidity risk (including contractual interest obligations for bank loans and other loans).

	CONTRACTUAL MATURITY DATES									
	2022					2021				
	CURRENT	NON-CURRENT				CURRENT	NON-CURRENT			
	Less Than 1 Year $000	1-2 Years $000	2-4 Years $000	5+ Years $000	TOTAL $000	Less Than 1 Year $000	1-2 Years $000	2-4 Years $000	5+ Years $000	TOTAL $000
Financial Liabilities:										
Trade Payables and accruals	4,167	-	-	-	4,167	2,837	-	-	-	2,837
Bank loans (secured)	692	708	10,645	-	12,046	677	692	10,933	420	12,722
Other loans	108	-	5,000	-	5,108	172	73	5,146	720	6,111
Interest obligations	1,078	1,062	1,332	-	3,525	1,101	1,097	1,329	436	3,963
Occupancy advances	2,498	2,498	4,662	1,596	11,437	2,406	2,406	4,662	1,058	10,533
Lease liabilities	-	-	-	-	-	479	509	1,112	7,940	10,040
	8,543	**4,269**	**21,874**	**1,596**	**36,283**	**7,672**	**4,777**	**23,182**	**10,574**	**46,206**

Occupancy advance repayment figures above have been calculated based on average occupancy years formulated by the valuer in determining investment property fair values at 31 March 2022.

The Group renews its facilities annually to ensure an appropriate portion matures on a regular basis. Refer Note 26.

Market risk

The Group is primarily exposed to interest rate risk.

Based on the level of interest-bearing variable rate debt the Group's profit and total comprehensive income would decrease/increase by $0.98m (2021: $0.064m) from an increase/decrease in the interest rate by 50 basis points.

Foreign currency risk

The overseas subsidiaries of the Group have minimal to no activity. The Australian entity was deregistered in February 2022 and the USA entity is in the process of deregistration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

Capital management

The Group's capital includes share capital, reserves and retained earnings. The objective of the Group's capital management is to ensure a strong credit rating to support business growth and maximise shareholder value. The Group's capital is managed at parent company level. The Group is subject to capital requirements imposed by its lenders through covenants agreed as part of the lending facility arrangements. The Group has met all externally imposed capital requirements for the year ending 31 March 2022.

19. AUDIT

The financial statements for the Year ended 31 March 2022 have been audited. The comparative period for 15 months ending 31 March 2021 has been audited.

Audit fees of $0.067m (2021: $0.050m) are provided for the audit of the 2022 financial statements only. A one-off interim audit to 30 October 2020 with fees of $0.032m was undertaken during the comparative period to assist with the purchase treatment of the aged care assets. There were no other fees paid to the Auditor.

20. OPERATING SEGMENTS

The Group operates a number of rest homes and retirement villages. These facilities all provide a similar product to a similar customer in the same regulatory environment.

The Group operates in one operating segment being the provision of aged-care in New Zealand. The chief operating decision maker, the Board of Directors, reviews the operating results on a regular basis and makes decisions on resource allocation based on the review of Group results and cash flows as a whole.

Therefore, it is appropriate to report solely on the Group performance.

During the previous reporting period the Group transitioned from developing and marketing research based natural dietary supplements to the ownership and operation of retirement villages, rest homes, and hospitals for the elderly within New Zealand.

21. CAPITAL COMMITMENTS

On the 23 December 2021, Promisia Healthcare Limited entered a conditional agreement with its Landlord Teltower Limited (vendor) to acquire Aldwins House for $13 million. Under the agreement the vendor agreed to lend $4 million of the purchase price on a four-year term. Debt funding was secured from the BNZ for $7.5 million and Senior Trust for $1.5 million. All conditions of this acquisition were met by the 31 March 2022 and settlement took place after balance date on 1 April 2022.

The Group has entered into a fixed price agreement for the development land surrounding the Ranfurly Residential Care Centre. The agreement provides a period of seven years for the development of ten internal units, two 1-bedroom villas and thirty 2-bedroom villas to be completed at a fixed price of $14.18m to be paid from the ORA sale proceeds from individual units.

At the 31 March 2022 four 2-bedroom villas had been completed and sold. A further nine will be completed in the first half of the coming financial year. All have been presold and deposits received. This leave a further nineteen villas to be constructed and sold.

22. CONTINGENT LIABILITIES

There are no contingent liabilities at the reporting date (2021: $nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

23. RECONCILIATION OF NET GAIN AFTER TAX WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Net gain from continuing operations	**2,008**	**26**
Adjusted for:		
Movements in balance-sheet items		
Occupancy advances	904	1,156
Trade and other payables	1,345	1,979
Trade and other receivables	203	(1,927)
Income Tax	578	478
Non-cash items:		
Depreciation and amortisation	141	99
Depreciation of right-of-use-assets	667	278
Deferred tax	(360)	(303)
Fair-value movement of investment properties	222	(1,250)
Gain on lease	(943)	-
Discontinued operations net of tax	26	30
Net operating cash flows	**4,791**	**566**

24. SUBSIDIARY COMPANIES

The subsidiaries (controlled entities) held by the parent company were as follows:

	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	31 MARCH 2022 INTEREST HELD BY PARENT (%)	31 MARCH 2021 INTEREST HELD BY PARENT (%)
Eileen Mary Age Care Limited	Rest home operation	New Zealand	100	100
Eileen Mary Age Care Property Limited	Village ownership	New Zealand	100	100
Ranfurly Manor Limited	Rest home operation	New Zealand	100	100
Ranfurly Manor No: 1 Limited	Village ownership	New Zealand	100	100
Nelson Street Rest Home Limited	Rest home operation	New Zealand	100	100
Aldwins House Limited	Rest home operation	New Zealand	100	100
Aged Care Holdings Limited	Holding company	New Zealand	100	100
Promisia Limited	Active company	New Zealand	100	100
Benefit Arthritis Limited	Inactive	New Zealand	100	100
Promisia Trustee Limited	Trustee	New Zealand	100	100
Promisia Australia Pty Limited	Deregistered	Australia	-	100
Promisia (USA) LLC	Inactive	United States	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended 31 March 2022

25. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the directors and executives, being the key management personnel of the Group, is set out below.

	12 MONTHS ENDED 31 MARCH 2022	15 MONTHS ENDED 31 MARCH 2021
	$000	$000
Salaries and short term employee benefits including termination benefits	370	359

26. SUBSEQUENT EVENTS

Aldwins House

The Group entered a conditional agreement with its Landlord to acquire Aldwins House for $13 million. Settlement took place after balance date on 1 April 2022 (refer Notes 13 and 21). On 1 April 2022 the Group borrowed $7.5m from BNZ, $1.5m from Senior Trust and the vendor provided $4.0m of financing.

Other

There has been no other matters or circumstances, which has arisen since 31 March 2022 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2022 of the Group or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2022, of the Group.

There are no other matters or circumstances other than already disclosed since the end of the reporting year that have significantly or may significantly affect the Group's operations.

William Buck

Promisia Healthcare Limited

Independent auditor's report to the Shareholders

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Promisia Healthcare Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Promisia Healthcare Limited or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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William Buck Audit (NZ) Limited

ACQUISITION OF ALDWINS HOUSE	
Area of focus - Refer also to Notes 13, 21 & 26	**How our audit addressed it**
On 30 March 2022 the Group confirmed all conditions for the acquisition of the Aldwins House facility for $13.0m had been met and it was unconditional to settle the acquisition. This facility was already leased by the Group. The contract was to settle on 31 March 2022, however title was transferred on 1 April 2022. The property was not recorded as an asset at 31 March 2022. There was a modification to the lease which resulted in significant adjustment to the lease liability and Right of Use asset at 31 March 2022 and also resulted in a $0.9 million gain being recorded. We have given specific audit focus and attention to this areas as the transaction occurred around the reporting date and the value is significant to the Group.	Our audit procedures included: — Reviewed and analysed the contracts underlying the transaction — Completed detailed consideration of relevant accounting standards for the transaction — Ensured appropriate disclosure has been included in the consolidated financial statements

INVESTMENT PROPERTY	
Area of focus - Refer also to Note 10	**How our audit addressed it**
The Group owns significant Investment Property which has been recorded at fair value at 31 March 2022 at $42.0m. The valuation of the Group's retirement village portfolio is inherently subjective and is based on unobservable inputs. The property valuations were performed by an independent third party and registered valuer, CBRE Limited. The valuer is well known with extensive experience in the sector in which the Group operates. A small variation of certain assumptions could result in a material adjustment to the carrying values which is why this is an area of audit which is the reason why we have given specific audit focus and attention to this area.	Our audit procedures included: — We reviewed the independent valuations reports and tested their calculations to ensure that the valuation methodology was in compliance with relevant accounting standards — Held separate discussions with the Directors to gain an understanding of the assumptions applied and estimates used — Engaged an independent third-party expert to review the valuation methodologies and the key assumptions — We completed a benchmark analysis on other valuations reported in the sector the Group operates — We assessed the Valuers qualifications, expertise and their objectivity, and we found no evidence to suggest that was impaired — We considered the impact of COVID-19 on the valuation and current market conditions in the residential real estate market — Ensured appropriate disclosure has been included in the consolidated financial statements

William Buck

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the Annual Report which includes information other than the consolidation financial statements and this audit report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities

The directors are responsible on behalf of the entity for the preparation of consolidated financial statements that give a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at: Audit Report 1 » XRB This description forms part of our independent auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Darren Wright.

Restriction on Distribution and Use

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

William Buck

William Buck Audit (NZ) Limited
Auckland

30 June 2022

CORPORATE GOVERNANCE

Strong governance is fundamental to the performance of Promisia Healthcare Limited and Promisia's Board is ultimately responsible for ensuring that the Company and its subsidiaries maintain high ethical standards and corporate governance practices.

Promisia is committed to enhancing investor confidence through good corporate governance practice and accountability in accordance with the Promisia Group Corporate Governance Code – refer to www.promisia.co.nz for the full document.

For the 12 months ended 31 March 2022 (FY22), the Board believes that Promisia's corporate governance practices are appropriately aligned with the NZX Code. Any exceptions are identified where appropriate under Principles 1 to 8 below.

The key corporate governance documents referred to in this report are available on Promisia's website www.promisia.co.nz.

PRINCIPLE 1: CODE OF ETHICAL BEHAVIOUR

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Promisia maintains high standards of ethical behaviour and has a Code of Conduct (Appendix B in Promisia's Corporate Governance Code) by which the directors, employees, contractors for personal services and advisers of Promisia are expected to conduct their professional lives.

General principles within the Code of Conduct and Group Corporate Governance Code include (but are not limited to) requiring all directors and employees to:

- Act honestly and with personal integrity in all actions;
- In the case of directors, give proper attention to the matters before them and exercise their powers and duties with a due degree of care and diligence;
- Not make improper use of information acquired as a Director or employee, or of assets or resources of the Company;
- Comply with Company Codes at all times.

In addition, the company does not donate to political parties.

Processes are being put in place to ensure that all employees are aware of and understand these Codes. A review of the Code of Ethics was completed in early FY22.

Promisia encourages employees to speak out if they have concerns. The avenues for doing so are detailed in the company's Protected Disclosures (Whistleblowers) Policy.

Promisia also has a Securities Trading Policy, with additional trading restrictions applying to Directors and senior managers. There have been no dealings in the Company's securities other than as disclosed in Notes 16 and 17.

Details of matters entered into the Interests Register by individual Directors during FY22 are outlined on page 59 of this report.

PRINCIPLE 2: BOARD COMPOSITION & PERFORMANCE

"To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Promisia's Corporate Governance Code sets out the roles and responsibilities of the Board (and clearly distinguishes and discloses the respective roles and responsibilities of the Board and management). The focus of the Board is the creation of company and shareholder value and ensuring that the Company is committed to best practice.

A key responsibility of the Board is to formulate the Company's strategic direction. In addition, the Board has oversight of the financial and operational controls of the business including its risk management policies and strategies.

CORPORATE GOVERNANCE

The Board also has responsibility for fostering corporate culture, the appointment and remuneration of its senior executives, the adoption of corporate policies and plans and the approval of major transactions.

Board composition

As at 31 March 2022, the Board was comprised of two independent Directors and two non-independent Executive Directors. Their selection has been based on the value they bring to the Board table including their skills, commercial experience, strategic thinking and general business acumen. The Board is satisfied that each Director has the necessary time available to devote to the position, and skills and expertise which add value to the Board and the Company.

During FY22, the following changes were made to the Board:

- Duncan Priest retired from the Board at the 2021 Annual Shareholders' Meeting in August 2021.
- Andrew Mitchell was appointed to the Board as non-independent Executive Director on 23 December 2021. He has extensive industry knowledge and experience and provides additional business development services to Promisia.

In order for a Director to be independent, the Board has determined that he or she must not be an executive of Promisia Healthcare Limited and must have no disqualifying relationship. The Board follows the guidelines of the NZX Listing Rules.

The Board supports the separation of the roles of Chairman and CEO. Promisia's Chairman is an Independent Director who is elected by the Directors.

As at 31 March 2022, Board members were:

- Stephen Underwood, Independent Chairman
- Helen Down, Independent Director
- Thomas Brankin, Non-Independent Executive Director (Thomas Brankin and associated interests hold a 52.79% shareholding in Promisia Healthcare Limited)
- Andrew Mitchell, Non-Independent Executive Director (Andrew Mitchell has a 7.03% shareholding in Promisia Healthcare Limited).

Details of each Director, along with their experience, length of service, independence and ownership interests and attendance at Board meetings are included in this Annual Report. Director profiles are also available on the Company's website.

The composition of the Board is reviewed regularly to ensure the Board maintains an appropriate balance of skills, experience and expertise. The Board has developed a skills matrix and takes into account a number of factors including qualifications, experience and skills. The Board believes that the current Directors offer valuable and complementary skill sets.

The nomination process for new Director appointments is the responsibility of the Board as a whole. The Board may engage consultants to assist in the identification, recruitment, and appointment of suitable candidates. All new Directors enter into a written agreement with Promisia, establishing the terms of their appointment.

Newly elected Directors are expected to familiarise themselves with their obligations under the constitution, Board Charter and the NZX Listing Rules. Training is also provided to new and existing Directors where required to enable Directors to understand their obligations.

In accordance with the NZX Listing Rules, Directors will retire and may stand for re-election by shareholders at least every three years. A Director appointed since the previous Annual Meeting holds office only until the next Annual Shareholders' Meeting but is eligible for re-election at that meeting.

The Board asks for Director nominations each year prior to the Annual Shareholders' Meeting, in accordance with the constitution of the Company and the NZX Listing Rules.

The Company encourages all Directors to undertake appropriate training and education so that they may best perform their duties. This includes attending presentations on changes in governance, legal and regulatory frameworks; attending technical and professional development courses; and attending presentations from industry experts and key advisers.

CORPORATE GOVERNANCE

The performance of the Board is reviewed periodically to assess the performance of each Director, each Committee and the Board as a whole. The most recent evaluation of Board performance was undertaken in June 2021. The Chair of the Board also regularly engages with individual Directors to evaluate and discuss performance and professional development.

Diversity

Promisia is committed to bringing diversity to life in its employment practices and across all aspects of the business. For Promisia, diversity includes, but is not limited to, characteristics such as cultural background and ethnicity, gender, gender identity, sexual orientation, age, religious beliefs, differences in physical abilities, languages and education.

Promisia's approach to diversity is outlined in the Diversity and Inclusion Policy. For the 12 months ended 31 March 2022, the Board is comfortable that Promisia's employment practices and HR processes and practices were in line with the intent of its Diversity and Inclusion Policy.

The Officers of the Company (as defined by the NZX Listing Rules) are the CEO and specific direct reports of the CEO having key functional responsibility. Following the appointment of the CEO in August 2021, as at 31 March 2022 females represented 20% of Directors and Officers of the Company (FY21: 25%). Promisia has 335 employees of which 10% are male and 90% are female.

As at 31 March	FY22 Male	FY22 Female	FY21 Male	FY21 Female
Directors	3	1	3	1
Officers	1	0	0	0
Total	**4 (80%)**	**1 (20%)**	**4 (75%)**	**1 (25%)**

PRINCIPLE 3: BOARD COMMITTEES

"The Board should use Committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility."

Given the size of Promisia's business, the Board as a whole has responsibility for matters relating to the nomination and appointment of directors and remuneration matters.

The Board has established an Audit and Risk Management Committee to assist the Board in carrying out its responsibilities under the Companies Act 1993 as it concerns accounting practices, policies and controls relative to the Company's financial position and to make appropriate enquiry into any audit of the Company's financial statements. This responsibility includes providing the Board with additional assurance about the quality and reliability of any financial information issued publicly by the Company from time to time.

Audit and Risk Management Committee

Members: Stephen Underwood, Helen Down, Andrew Mitchell

Promisia's Audit and Risk Management Committee is comprised solely of Directors of the Company, with the majority of members being independent Directors. There are three members in the Audit and Risk Management Committee and one of these has an accounting or financial background. The Committee's chair is currently the Chair of the Board.

The Committee has terms of reference (Charter), which is reviewed and approved by the Board. This is available on the Company's website. The Charter was last reviewed in May 2021.

Directors who are not members of the Audit and Risk Committee are able to attend Audit and Risk Committee meetings as they wish. Employees may only attend those meetings at the invitation of the Audit and Risk Committee.

CORPORATE GOVERNANCE

Ultimately the Board as a whole is responsible for the accuracy and relevance of the Company's financial statements. The Audit Committee provides additional and more specialised oversight. The Audit Committee also reviews the operation of internal controls together with the quality and cost of the external audit undertaken by the Company's auditors.

Other Committees

The Board establishes other Committees as required. In the case of a takeover offer, Promisia will form an Independent Takeover Committee to oversee disclosure and response and engage expert legal and financial advisors to provide advice on procedure.

Director Meeting Attendance

The Board meets as often as it deems appropriate including sessions to consider the strategic direction of Promisia and forward-looking business plans. Video and/or phone conferences are also used as required.

The table below sets out Director attendance at Board and Committee meetings during FY22.

	Board Meeting	Audit and Risk Management Committee
Stephen Underwood	9/9	1/1
Duncan Priest*	3/9	
Helen Down	9/9	1/1
Tom Brankin	9/9	
Andrew Mitchell**	2/9	

* Duncan Priest retired from the Board on 12 August 2021

** Andrew Mitchell was appointed to the Board on 23 December 2021

PRINCIPLE 4: REPORTING & DISCLOSURE

"The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

The Board focuses on providing accurate, adequate and timely information both to its shareholders and to the market generally. This enables all investors to make informed decisions about the Company. All significant announcements made to NZX, and reports issued, are posted on the Company's website.

The Company has procedures in place to ensure that it complies with its continuous disclosure requirements under the NZX Listing Rules, and in particular so that:

- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced form.
- Accountability for compliance with disclosure obligations is with the Chairman and the Chief Executive Officer.
- Significant market announcements, including the preliminary announcement of the half year and full year results, the accounts for those periods and any advice of a change in earnings forecast are approved by the Board.

Promisia's Continuous Disclosure Policy governs the release to the market of all material information that may affect the value of the Company.

Copies of the key governance documents, including the Continuous Disclosure Policy, Code of Conduct, Securities Trading Policy and Board and Committee Charters are available on the Company's website.

CORPORATE GOVERNANCE

Financial Reporting

The Board is responsible for ensuring that the financial statements give a true and fair view of the financial position of Promisia and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements, estimates and for ensuring all relevant financial reporting and accounting standards have been followed.

The Board's Audit and Risk Management Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, balance and timeliness of financial statements. It reviews Promisia's full and half year financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

All matters required to be addressed, and for which the Committee has responsibility, were addressed during the reporting period.

For the 12 months ended 31 March 2022, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Promisia and facilitate compliance with the Financial Markets Conduct Act 1993.

The CEO has confirmed in writing to the Board that Promisia's external financial reports present a true and fair view in all material aspects. Promisia's full and half year financial statements are available on the Company's website.

Non-financial Reporting

Given Promisia's size, the Board has elected not to adopt a formal environmental, social and governance framework.

Promisia discusses its strategic objectives and its progress against these in the Chair and CEO's commentary in shareholder reports, and at other investor events during the year including investor presentations and the Annual Shareholders' Meeting.

Promisia is committed to using its resources responsibly and will look for opportunities to reduce any negative environmental risk or impact from business operations, products and services. The Board encourages diversity and will not knowingly participate in business situations where Promisia could be complicit in human rights and labour standard abuses.

PRINCIPLE 5: REMUNERATION

"The remuneration of directors and Executives should be transparent, fair and reasonable."

Shareholders fix the total remuneration available for Directors. Approval is sought for any increase in the pool available to pay Directors' fees, and any recommendations to shareholders regarding Director remuneration are provided for approval in a transparent manner.

External advice is sought on a regular basis to ensure remuneration is benchmarked to the market for senior management positions, Directors and Board positions. The last review of Director remuneration was undertaken in May 2020.

The Company is developing a Remuneration Policy which outlines the processes and framework for remuneration of company employees.

Details of Director remuneration in FY22 is detailed below. Executive remuneration, including entitlements, is set out on pages 47 and 56 of the Annual Report.

Remuneration of directors

The amount payable currently to each non-executive Director is $27,000 per annum (other than the Chairman). The Chairman is paid $75,000 per annum. Additional fees may be paid to Directors for work undertaken outside their Director's duties, as approved by the Board. Andrew Mitchell provides additional support on Promisia's Business Development activity.

CORPORATE GOVERNANCE

The Company's remuneration policy is in line with best practice guidelines from the New Zealand Institute of Directors. Directors are entitled to be reimbursed for cost directly associated with carrying out their duties, including travel costs. Board policy is that no sum is paid to a Director upon retirement or cessation of office.

	Director Fees	Committee Fees	Fees for Additional Services	FY22 Total
Stephen Underwood (Chair)	$75,000	-	-	$75,000
Helen Down	$25,000	-	-	$25,000
Tom Brankin	-	-	$50,000	$50,000
Duncan Priest*	$9,375	-	-	$9,375
Andrew Mitchell**	$7,112	-	-	$7,112
Total Fees	**$116,487**	**-**	**$50,000**	**$166,487**

* Duncan Priest retired from the Board on 12 August 2021

** Andrew Mitchell was appointed to the Board on 23 December 2021

Remuneration of Executives and Employees

Executive remuneration consists of a salary (including Kiwisaver contributions from the business) with the ability to participate in share options being granted from time to time as an additional incentive. The review and approval of the CEO's remuneration is the responsibility of the Board. The CEO's remuneration comprises a fixed base salary, and a long term incentive, being participation in the Group's Staff Share Scheme.

		Salary	Benefits	Total Remuneration
FY22	Chris Brown*	204,363	Nil	204,363
FY20/21	Rene de Wit**	175,422	Nil	175,422

* Chris Brown was appointed as CEO on 23 August 2021 and resigned on 22 April 2022.

** Rene de Wit resigned as CEO, effective from 9 December 2020.

PRINCIPLE 6: RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Promisia is committed to managing risk proactively. While this is the responsibility of the whole Board, the Audit and Risk Management Committee assists the Board and provides additional oversight regarding the risk management framework and monitoring compliance with that framework.

The Board delegates day to date management of the risk to the Chief Executive Officer. The executive team and senior management are required to identify regularly the major risks affecting the business and develop structures, practices, and processes to manage and monitor these risks. Individual risks are discussed with the Board in detail as required.

Key financial risks are set out on pages 43 to 45 of the financial statements. Non-financial risks have been summarised as:

- The loss of government funding - The facilities receive residential care subsidy funding from the local DHBs which may be subject to change. Any loss in aged care facility funding will have a material adverse effect on financial performance.
- Changes to legislation – Aged care providers need to meet standards set by the Health and Disability Services Standards (HDSS) and all facilities that provide independent living also need to comply with the Retirement Villages Act 2003. Significant changes to certification standards and requirements of retirement village operators may create additional obligations and costs on aged care operators. Any such additional obligations and cost may have a material adverse effect on financial performance.

CORPORATE GOVERNANCE

- Labour availability, cost and turnover - aged care facilities rely on the staffing of care and non-care positions. These positions are paid at the lower end of pay scales, primarily due to underfunding by the DHBs. Labour availability and cost makes attracting staff to the aged care sector difficult.
- The Aldwins property attracting sufficient residents to reach occupancy rates that will allow Promisia to at least cover the cost of operating the Aldwins facility.
- Over the last two financial years, Covid-19 has presented a risk to the company and the staff and residents of its facilities. Processes and procedures to manage the risks of Covid-19 to both staff and residents have been developed and implemented successfully. While the Omicron variant of Covid-19 has been less serious than earlier variants, the possible impact of new variants is unknown. The company will use its proven Covid-19 management policies and practices, amended as required, to manage any new outbreaks of Covid-19.

The Board is satisfied that Promisia has in place a risk management process to identify, manage effectively and monitor Promisia's principal risks. Promisia maintains insurance policies that it considers adequate to meet its insurable risks.

Health and Safety

The Board recognises that effective management of health and safety is essential for the operation of a successful business, and its intent is to prevent harm and promote wellbeing for employees, contractors, and customers. The Board is responsible for ensuring that the systems used to identify and manage health and safety risks are fit for purpose, being implemented effectively, reviewed regularly, and improved continuously.

Health and Safety reports, including incident reports, for all business units are included in the compliance section of Board papers. There were no reportable incidents during FY22.

PRINCIPLE 7: AUDITORS

"The Board should ensure the quality and independence of the external audit process."

External Auditors

The Board's relationship with its external auditors is governed by the Audit and Risk Management Committee Charter and ensures that audit independence is maintained, both in fact and appearance, such that Promisia's external financial reporting is viewed as being reliable and credible.

It is the responsibility of the Audit and Risk Committee to maintain free and open communication between the Directors and external auditors and to approve any non-audit engagements performed by the audit firm.

For FY22, William Buck New Zealand was the external auditor for Promisia Healthcare Limited. William Buck was first appointed as auditor on 31 May 2019. Partner rotation occurs every five years.

All audit work at Promisia is separated from non-audit services, to ensure that appropriate independence is maintained. William Buck provided only audit work in FY22. The amount of fees paid to William Buck during FY22 is identified on page 45.

William Buck has provided the Audit and Risk Management Committee with written confirmation that, in its view, it was able to operate independently during the year.

William Buck is available to attend each Annual Meeting of the Company (either virtually or in person), and the Audit Director is available to answer questions from shareholders at that Meeting.

Promisia has several internal controls overseen by the Audit and Risk Management Committee, including controls for computerised information system, security, business continuity management, insurance, health and safety, conflicts of interest, and prevention and identification of fraud. Promisia does not have a dedicated Internal Auditor role.

CORPORATE GOVERNANCE

PRINCIPLE 8: SHAREHOLDER RIGHTS & RELATIONS

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Promisia is committed to ensuring that its shareholders are kept up to date with key activities and are provided with relevant information about the Company and its performance.

The Company communicates with shareholders during the financial year through annual and half year reports and at the Annual Shareholders Meeting (ASM).

Promisia maintains an investor relations section on the company's website. This provides access to key corporate governance documents, copies of all major announcements, company reports and presentations. Written communications and reports are available on the Company's website, as well as emailed to shareholders that elect to be emailed. All shareholders are given the option to elect to receive electronic communications from the Company. NZX announcements are also available on the NZX website www.nzx.com/companies/PHL/announcements.

In accordance with the NZX Listing Rules, shareholders have the right to vote on major decisions which may change the nature of the Company. Each shareholder has one vote per share and voting is conducted by polls.

The notice of the Annual Shareholders Meeting is announced on the NZX and sent to shareholders at least 20 working days prior to the meeting each year.

In addition to shareholders, Promisia has a wide range of stakeholders and maintains open channels of communication for all audiences, including brokers, the investing community, and the New Zealand Shareholders' Association, as well as Promisia's staff, suppliers, and customers.

Variance to NZX Corporate Governance Code

NZX Code Principle	NZX Code Recommendation	Key Difference	Status
2. Board Composition	2.5 An issuer's Diversity Policy should include measurable objectives	PHL does not have measurable objectives in place	Management encourage a culture of diversity and inclusiveness at PHL and provide regular reporting and monitoring on diversity to the Board
3. Board Committees	3.3 An Issuer should have a Remuneration Committee	PHL does not have a Remuneration Committee	Remuneration is a matter for the whole of the Board
	3.4 An issuer should have a Nomination Committee	PHL does not have a Nomination Committee	Nomination of directors is a matter for the whole of the Board
4. Reporting and Disclosure	4.3 Non-financial disclosures including environmental, economic and social sustainability risks	PHL does not have a formal sustainability programme	An ESG programme will be assessed in FY23
5. Remuneration	5.2 Remuneration policy for remuneration of directors and officers	PHL does not have a Remuneration Policy	Policy will be prepared in FY23

OTHER DISCLOSURES

Section 140(1) of the New Zealand Companies Act 1993 requires a director of a company to disclose certain interests. Under subsection (2) a director can make disclosure by giving a general notice in writing to the company of a position held by a director in another named company or entity. The following particulars were entered in the Company's Interests Register for the year ended 31 March 2022:

Directors Interests

Director	Company/Entity	Nature of Interest
Stephen Underwood	Promisia Healthcare Limited and subsidiaries	Shareholder and Director (Chairman)
	Central Securities Ltd	Shareholder and Director
	Central Nominees Ltd	Shareholder and Director
	Insolvency Associates Ltd	Shareholder and Director
	Normandy Holdings Ltd	Shareholder and Director
	Panama Direct Ltd	Shareholder and Director
	Raurimu Nominees Ltd	Shareholder and Director
	Renouf Corporation Ltd	Shareholder and Director
	Tuff Life Ltd	Shareholder and Director
	Minturn Trustee Ltd	Director
	Qualitech IP Ltd	Director
Tom Brankin	Promisia Healthcare Limited and subsidiaries	Shareholder and Director
	Aldwins Retirement Village Ltd	Shareholder and Director
	Ranfurly Manor Holdings Ltd	Shareholder and Director
	Eileen Mary Holdings Ltd	Shareholder and Director
	iAgri Ltd	Shareholder and Director
	Design Care Group Ltd	Shareholder and Director
	OTB Properties Ltd	Shareholder and Director
Helen Down	Promisia Healthcare Limited and subsidiaries	Shareholder and Director
	Advisory Boards NZ Limited	Shareholder and Director
	Helen Down Limited	Shareholder and Director
Andrew Mitchell	Promisia Healthcare Limited	Shareholder and Director
	HQ Group	Shareholder and Director
	Property HQ Ltd	Shareholder and Director
	Fitout HQ Ltd	Shareholder and Director
	Homes HQ Ltd	Shareholder and Director
	Development HQ Ltd	Shareholder and Director
	Independent Trades HQ Ltd	Shareholder and Director

Directors Holdings

Director	Shares Held
Stephen Underwood	115,602,227
Thomas Brankin	11,237,167,511
Helen Down	500,000
Andrew Mitchell	1,497,102,561

OTHER DISCLOSURES

Securities dealings
There have been no dealings in the companies securities other than as disclosed in Notes 16 and 17.

Indemnity and Insurance
Promisia maintains Directors' and Officers' liability insurance for its Directors and Officers.

NZX Listing Rule Waivers
The Company has not relied on any waivers from the NZX Listing Rules in the year ending 31 March 2022.

Credit rating
Promisia has no credit rating.

Employee remuneration

The number of employees or former employees of the company, not being directors of the company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded $100,000 per annum.

$	FY22	FY21
$100,000 - $140,000	1	1
$180,001 - $190,000	1	
$200,001 - $210,000		1

Directors Remuneration
Included on page 55 under Principle 5.

Director appointment dates
The date of each Director's first appointment to the position of Director is provided below. Since the date of first appointment, Directors have been re-appointed at annual meetings when retiring by rotation as required.

Director	Date first appointed	Date last re-appointed
Stephen Underwood	8 June 2005	31 May 2019
Tom Brankin	7 May 2013	31 May 2019
Helen Down	30 May 2017	11 June 2020
Duncan Priest (resigned 12 August 2021)	3 October 2012	31 May 2018
Andrew Mitchell	23 December 2021	-

Donations
The Group made no donations during the period 1 April 2021 to 31 March 2022.

OTHER DISCLOSURES

Top 20 shareholders as at 21 June 2022

Rank	Holder	Number Held	% Held
1	Thomas David Brankin & Michael John Kirwin Lay	11,237,165,711	52.79
2	Andrew Raymond Mitchell	1,497,102,561	7.03
3	Jillian Mary O`Brien	1,089,329,066	5.12
4	Donald Hamish Mackintosh	893,789,242	4.20
5	Public Trust Limited	515,000,000	2.42
6	Jarden Custodians Limited	500,000,000	2.35
6	Derek Montgomery Daniel & Aka Trustees Limited	500,000,000	2.35
7	Aeneas Edward O`Sullivan	265,000,000	1.25
8	3 J`S Limited	244,745,834	1.15
9	Christchurch Treeman Limited	200,000,000	0.94
10	Ian David Penny & Alexander James Mcphail & David Kenneth Brown	200,000,000	0.94
10	Brian John Drake	200,000,000	0.94
11	Turk Holdings Limited	167,189,054	0.79
12	Douglas John Braithwaite	129,999,999	0.61
13	William Noel Coughlan & Judith Wynne Coughlan	120,000,000	0.56
14	Stephen Underwood	115,602,227	0.54
15	Andrew Alan Bardsley & Jacquiline Anne Bardsley	115,000,000	0.54
16	George Craig Royal	113,508,830	0.53
17	Malcolm Robert Ward	100,000,000	0.47
18	Peter John Esling	93,385,500	0.44
19	Eoin Malcolm Miller Johnson	65,000,000	0.31
20	Maurice Duncan Priest	60,819,648	0.29

Spread of shareholders

Holding Range	No of Holders	Total Shares	% Issued Capital
1-1000	2	3	0%
1001-5000	1	5,000	0%
5001-10000	2	20,000	0%
10001-50000	4	1,60,000	0%
50001-100000	11	1,030,351	0%
Greater than 100,000	583	21,283,759,800	100%

OTHER DISCLOSURES

Total shares on issue

	No of Holders	Total Shares	%
Top 20	20	18,551,209,105	87.16%
Other Investors	591	2,733,766,049	12.84%
Total	**611**	**21,284,975,154**	**100.00%**

Substantial product holders

Name	No of Shares	% Held	Date of Disclosure Notice
Jillian Mary O'Brien	1,088,929,066	5.1179	31/03/21
Thomas David Brankin and Michael John Kirwin Lay as trustees of the Brankin Family Interest Trust	11,237,165,711	53.45	31/03/21
Andrew Mitchell	1,497,102,561	7.033	23/12/21

Auditors' fees

These are detailed in Note 20 to the financial statements.

DIRECTORY

Registered office and address for service
66 High Street, Leeston
PO Box 66, Leeston, 7656
Mobile: +64 27 499 3387 (Stephen Underwood, Chairman)
Email: info@promisia.co.nz
Website: http://promisia.co.nz

Directors
Stephen Underwood, Chairman, Independent Director
Thomas Brankin, Non-independent Executive Director
Helen Down, Independent Director
Andrew Mitchell, Non-independent Executive Director

Auditor
William Buck Audit (NZ) Limited
Level 4, 21 Queen Street
Auckland 1010

Share Registrar
Link Market Services
Level 30, PwC Tower
15 Customs Street West
Auckland 1010
P O Box 91976
Auckland 1142
Telephone: +64 9 375 5998
Facsimile: +64 9 375 5990
Email: enquiries@linkmarketservices.co.nz

Bankers
Bank of New Zealand
124 Victoria Avenue
Whanganui, 4500

Solicitors
Duncan Cotterill
Chartered Accountants House
Level 2, 50 Customhouse Quay
Wellington 6011

Financial Calendar
Half year results announced November
End of financial year 31 March
Annual results announced May
Annual report June

Enquiries
Shareholders with enquiries about transactions, change of address or dividend payments should contact Link Market Services on +64 9 375 5998or by email on enquiries@linkmarketservices.co.nz.
Other questions may be directed to the Company at its registered address.

Stock Exchange
The Company's shares trade on the New Zealand Exchange under the code PHL.

Promisia
HEALTH AND CARE

www.promisia.co.nz