

Promisia

HEALTH AND CARE



Unaudited Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Promisia Healthcare Limited

(formally Promisia Integrative Limited)

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Promisia Healthcare Limited

Consolidated Statement of Comprehensive Income
For the 6 months ended 30 September 2021

		Unaudited 6 months ended 30 September 2021	Audited 15 months ended 31 March 2021	Unaudited 6 months ended 30 June 2020
	Notes	\$000	\$000	\$000
Revenue		8,766	6,060	56
Fair value movement of investment properties		-	1,250	-
Total Income		8,766	7,310	56
Administration expenses		(1,147)	(1,739)	(707)
Operating expenses		(6,466)	(4,555)	(45)
Depreciation and amortisation expense		(433)	(377)	(3)
Finance costs		(837)	(894)	(34)
Total Expenses		(8,883)	(7,565)	(788)
Net gain/(loss) before income tax		(117)	(255)	(732)
Income tax credit		6	281	-
Net gain/(loss) for the period from continuing operations		(111)	26	(732)
Discontinued operations				
Profit/(Loss) for year after tax from discontinued operations	4	19	30	-
Other comprehensive income				
<i>Items that may be later reclassified to profit or loss</i>				
Gain / (Loss) on translation of foreign currency		-	(7)	(2)
Total other comprehensive income		-	(7)	(2)
Total comprehensive income gain/(loss)		(92)	49	(734)
Earnings Per Share (dollars per share)				
Basic & diluted earnings per share from continuing operations	10	\$(0.0005)	\$0.0004	\$(0.03)
Basic & diluted earnings per share from discontinued operations	10	\$0.0001	\$0.0004	\$0.00

The accompanying notes form part of these financial statements

Promisia Healthcare Limited
Consolidated Statement of Changes in Equity
For the 6 months ended 30 September 2021

	Issued Capital	Foreign Currency Reserve	Pooling of Interests Reserve	Accumulated Losses	Total
	\$000	\$000	\$000	\$000	\$000
6 months ended 30 June 2020 (unaudited)					
Opening balance	58,526	183	-	(60,063)	(1,354)
Net loss for period	-	-	-	(732)	(732)
Other comprehensive income / (loss)	-	(2)	-	-	(2)
Closing balance at 30 June 2020	58,526	181	-	(60,795)	(2,088)
15 months ended 31 March 2021 (audited)					
Opening balance	58,526	183	-	(60,063)	(1,354)
Net gain/(loss) for period	-	-	-	56	56
Other comprehensive income / (loss)	-	(7)	-	-	(7)
Pooling of interest reserve	-	-	(717)	-	(717)
Share issue (Note 6)	18,869	-	-	-	18,869
Less share issue costs	(335)	-	-	-	(335)
Closing balance at 31 March 2021	77,060	176	(717)	(60,007)	16,512
6 months ended 30 September 2021 (unaudited)					
Opening balance	77,060	176	(717)	(60,007)	16,512
Net gain/(loss) for period	-	-	-	(92)	(92)
Share issue (Note 6)	235	-	-	-	239
Less share issue costs	(19)	-	-	-	(19)
Closing balance at 30 September 2021	77,276	176	(717)	(60,099)	16,636

The accompanying notes form part of these financial statements

Promisia Healthcare Limited

Consolidated Balance Sheet

As at 30 September 2021

		Unaudited 30 September 2021	Restated (Note 3) 31 March 2021
	Notes	\$000	\$000
Equity			
Share capital	5	77,726	77,060
Accumulated losses		(60,099)	(60,007)
Pooling of interest reserve		(717)	(717)
Foreign currency translation reserve		176	176
Equity		16,636	16,512
<i>Represented by:</i>			
Assets			
Cash and cash equivalents		1,192	1,219
Trade and other receivables		1,334	1,765
Prepayments		191	249
Taxation receivable		-	-
Related party advances		516	953
Property, plant & equipment	3	3,819	3,756
Right-of-use asset		8,951	9,285
Investment property		40,677	40,677
NZX deposit		20	20
Deferred taxation		302	303
Total assets		57,003	58,227
<i>less</i>			
Liabilities			
Trade and other payables		3,227	2,837
Taxation payable		197	472
Related party loans	3	-	-
Interest bearing loans & borrowings		17,460	17,833
Lease liability		9,702	10,040
Occupancy rights agreements		9,781	10,533
Total liabilities		40,367	41,715
Net assets / (liabilities)		16,636	16,512

Authorised on behalf of the Board



Stephen Underwood
Chairman



Tom Brankin
Director

Wellington
25 November 2021

The accompanying notes form part of these financial statements

Promisia Healthcare Limited

Consolidated Statement of Cash Flows

For the 6 months ended 30 September 2021

	Unaudited 6 months ended 30 September 2021	Audited 15 months ended 31 March 2021	Unaudited 6 months ended 30 June 2020
Notes	\$000	\$000	\$000
Operating Activities			
Receipts from residents for care fees and services	8,795	4,247	71
Receipts of residents' loans from new sales	3,981	1,590	-
Payments to suppliers and employees	(7,109)	(4,314)	(296)
Repayments of residents' loans	(4,388)	(434)	-
Interest paid	(837)	(1,009)	-
Income tax	(268)	444	-
Net operating cash flows from discontinued operations	19	42	-
Net operating cash flows	193	566	(225)
Investing activities			
Acquisition of aged care assets	-	(21,586)	-
Purchase of property, plant & equipment	(162)	(4,852)	-
Net investing cash flows	(162)	(26,438)	-
Financing activities			
Drawdown of loans	-	19,000	-
Repayment of related party advance	437	-	-
Issue of share capital, net	216	8,665	-
Payments for lease liabilities	(338)	(441)	-
Repayment of borrowings	(373)	(154)	215
Net cash flow from financing activities	(58)	27,070	215
Net increase / (decrease) in cash and cash equivalents	(27)	1,198	(10)
Cash and cash equivalents and beginning of period	1,219	21	21
Cash and cash equivalents at end of period	1,192	1,219	11

The accompanying notes form part of these financial statements

Promisia Healthcare Limited
Notes to and forming part of the Consolidated Financial Statements
For the 6 months ending 30 September 2021

1. Statement of compliance

The financial statements presented are those of Promisia Healthcare Limited (the Company) [formally Promisia Integrative Limited], 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 company formally developed and marketed 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 c/- Lay Associates, 66 High St, Leeston.

These financial statements have been approved for issue by the Board of Directors on 25 November 2021.

The financial statements been prepared in accordance with Generally Accepted Accounting Principles in New Zealand (NZ GAAP). These are interim financial statements only.

2. 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 is reported.

The financial statements are for the 6 months ended 30 September 2021.

The comparative figures are for the 15 months ended 31 March 2021 and the 6 months ended 30 June 2020. The comparative figures to 30 June 2020 have limited relevance as the principal activities of 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 comparative figures to 31 March 2021 include 5 months trading of the aged care facilities that were acquired on 30 October 2020.

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.

There is no seasonality or cyclicity of the operations.

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.

Significant Accounting Policies

In accordance with NZ IAS 34 (16A) except and unless described below, the same accounting policies and methods of computation are followed in the interim financial statements as those applied in the Group's consolidated financial statements for the 15 months ended 31 March 2021.

3. Restatement to Financial Statements

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 company 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 6 months ended 30 September 2021.

Restatements to 31 March 2021 Balance Sheet	As Restated	As previously
	(Note 3)	reported
	31 March 2021	31 March 2021
	\$000	\$000
Property, plant & equipment	3,756	4,756
Related party loans	0	1,000

4. Discontinued operations

The operation of developing and marketing natural dietary supplements ceased effective 19 December 2019. The net operating profit (loss) after tax of the discontinued operation is reclassified within the statement of comprehensive income and disclosed separately as are the comparative figures relating to the discontinued operations.

5. Going concern

The Group has reported a net loss before tax from continuing operations of (\$0.117m) for the six months ending 30 September 2021. The three fully operational facilities achieved a net profit before tax of \$0.68m for the six months ending 30 September 2021. However, the Aldwins House facility, which opened in December 2020 made a loss of (\$0.83m). Discussions are continuing with the landlord of Aldwins House regarding the option to purchase the building and/or lease terms.

On 31 August 2021, Promisia Healthcare Limited advised that the company had breached the EBITDA / Interest banking covenant for the quarter ended 30 June 2021. On 28 October 2021, the company also advised that it had breached the EBITDA / Interest banking covenant for the quarter ended 30 September 2021. The BNZ has advised that it will not be taking any action at this time in respect of a breach for either the June or September quarters but does reserve all of its rights with respect to the breaches.

In reviewing the June quarterly covenant reporting a breach of the Total Debt / Total Assets Covenant given by the company was also discovered. The BNZ has provided a waiver of this covenant for the June quarter and removed this covenant as an ongoing requirement for the company.

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

6. Share Capital

The Group's share capital includes fully paid shares.

Issued and paid capital

There were 21,284,975,154 ordinary shares on issue at 30 September 2021 (15 months to 31 March 21: 21,021,209,451) (6 months to 30 June 2020: 2,151,797,451)

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 \$95,874.36 of which \$4,284.96 was donated to KidsCan for shareholders who did not advise of 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.

Following these transactions total shareholder numbers reduced from 1,625 to 562.

Share Capital

	6 months ended 30 September 2021 shares 000	15 months ended 31 March 2021 shares 000	6 months ended 30 June 2020 shares 000
Balance at beginning of financial period	21,021,209	2,151,797	1,901,797
Shares issued (net)	263,766	18,869,411	250,000
Balance at end of financial period	21,284,975	21,021,209	2,151,797

7. Other financial information

	6 months ended 30 September 2021 \$000	15 months ended 31 March 2021 \$000	6 months ended 30 June 2020 \$000
Net (Loss) Gain from continuing operations	(111)	26	(732)

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

	6 months ended 30 September 2021	15 months ended 31 March 2021	6 months ended 30 June 2020
Legal & Professional Fees	190	645	309
NZX Listing & Regulatory Fees	48	253	107

8. Unaudited financial statements

The interim financial statements for the six months to 30 September 2021 have not been audited.

9. Related party transactions

	Notes	6 months ended 30 September 2021 \$000	15 months ended 31 March 2021 \$000	6 months ended 30 June 2020 \$000
Transactions with related parties				
Directors fees paid:				
T D Brankin		25	21	26
S Underwood		38	61	-
M D Priest		9	21	12
H Down		12	20	12
	i	84	123	50
Payments:				
Lease payments to Teltower Ltd		488	442	-
Interest paid to Brankin Family Interest Trust		-	219	-
Funds advanced to Brankin Family Interest Trust		-	1,085	-
Purchase of assets from Brankin Family Interest Trust		-	31,385	-
Receipts:				
Funds advanced by D Priest		-	20	20
Funds advanced by Brankin Family Interest Trust		437	1,000	195
New equity from Brankin Family Interest Trust		-	8,000	-
		30 September 2021 \$000	31 March 2021 \$000	30 June 2020 \$000
Balances with related parties				
Brankin Family Interest Trust - (receivable)		(516)	(953)	-
Related party advance balances outstanding at end of period		(516)	(953)	-

- i. Directors Fees are paid monthly to all Directors. On 12th August 2021, Duncan Priest resigned as a Director. At 30 September 2021 no replacement has been appointed.
- ii. No balances with related parties were written off or forgiven in the period.

10. Earnings Per Share

	6 months ended 30 September 2021 \$000	15 months ended 31 March 2021 \$000	6 months ended 30 June 2020 \$000
Net Gain/(Loss) from continuing operations	(111)	26	(732)
	Cents per Share	Cents per Share	Cents per Share
Basic and diluted earnings per share	(0.0005)	0.0004	(0.0377)
	Number of shares 000's	Number of shares 000's	Number of shares 000's
Weighted average number of shares for basic and diluted EPS	21,219,568	7,077,555	1,941,523

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.

11. Contingent liabilities

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

12. Key management personnel

On the 23rd August 2021, Chris Brown was appointed as the company's new Chief Executive Officer. Chris brings a broad range of experience from several different industries both in New Zealand and overseas. He has a proven track record of growing businesses. An empathetic, strategic and operational business leader, he brings a strong skill set to the business as we move through the next phase of our growth.