# Prōmisia

## ANNUAL REPORT 2018

Promisia Integrative Limited

# THE COMPANY

Promisia Integrative Limited is a company focused on developing and marketing unique natural products based on robust research. Our goal is to add scientific methodology and validity to a sector that is often perceived to be unscientific.

## FINANCIAL SUMMARY

| | 31 December 2018 $ 000 | 31 December 2017 $ 000 | Change % $ 000 |
|---|---|---|---|
| Revenue | 727 | 2,332 | (69) |
| Total comprehensive income attributable to shareholders | (2,407) | (876) | 152 |
| Total Assets | 1,851 | 2,295 | (11) |
| Earnings per share | (0.004) | (0.002) | - |
| Net Tangible Asset Backing ($ per share) | $0.001 | $0.004 | - |

## SIGNIFICANT EVENTS

| | |
|---|---|
| January 2018 | Successful placement of 47.75 million shares at a price of $0.02 per share to raise $955,000. |
| February 2018 | Medsafe, a division of the Ministry of Health, issues an Alert warning of the potential for liver damage from taking Arthrem. |
| December 2018 | A 3 for 1 rights issue at a price of $0.001 per share raises $1,345,063 and results in the issue of 545,088,480 shares. This sum includes conversion of debt advances from Brankin Trust of $800,000. Brankin Trust now owns 44.89% of the issued capital of the company. |
| December 2018 | Medsafe issues an updated Alert. |

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# REPORT OF THE CHAIRMAN

On behalf of your directors I present the Annual Report of the directors for Promisia Integrative Limited and its subsidiaries ("the group") for the year ended 31 December 2018.

## Group Results

The loss for the year was significant at $2,407,000 compared with a loss of $876,000 in the previous year, due largely to the Medsafe Alert which:

- caused an immediate collapse of Arthrem sales in New Zealand,
- overshadowed and reduced significantly the impact of the launch of Arthrem in Australia
- had a very negative impact on the launch of Artevite in New Zealand

Total sales for the year were $727,000 compared with $2,332,000 in the previous year. This was a reduction of 69%.

Significant expenditure had been incurred, especially television advertising, for the launch of both Arthrem in Australia and Artevite in New Zealand. It had been the Company's expectation that this expenditure would be recovered from product sales over the course of the year, but that outcome did not eventuate. Take up of both products was affected by adverse publicity surrounding the Medsafe Alert.

A provision of $150,000 for a reduction in the value of stock has been included in the result for the year, along with an impairment of $105,000 to Intangibles to reduce the value of trademarks and the US website to nil.

The directors were unsure about the effect of the Medsafe Alert and adopted a policy of reducing expenditure to save cash. This proved to be the correct course as the level of committed expenditure did not allow sufficient leeway for error.

## Medsafe Alert

As noted in the 2017 Annual Report and subsequent communications with shareholders, the Medsafe Alert of February 2018 had a dramatic negative effect on the sale of Arthrem in New Zealand. Initially sales fell by 90% and, while some recovery has been noted, the rise in sales has been limited.

The directors have noted previously their concerns about the accuracy of the reports of adverse reactions as reported to the Centre for Adverse Reaction Monitoring (CARM) and the lack of investigation by both CARM and Medsafe to confirm the accuracy of the information reported to CARM. It is clear that in a number of the reported adverse reactions the offending product was unlikely to have been Arthrem due to the dose size and number of capsules taken daily. These are likely to have been competing products that have subsequently been withdrawn from sale in pharmacies.

We have pointed out these anomalies to Medsafe but there has been little interest in ensuring that the reports are accurate. This is, in our view, a major failing of the CARM reporting system and its use as a basis for Medsafe to issue Alerts.

In December 2018 Medsafe issued an updated Alert. It is the company's view that at least 15 of the total 25 adverse reactions reported to date relate to competitors' products.

It is worth repeating that the recommended dose for Arthrem is one 150mg capsule twice daily, usually morning and night. All competing products had a recommended dose of a single 300mg capsule daily. It is the company's view that the double dose in a single capsule is responsible for most of the reported adverse reactions.

## Medsafe Prosecution

In late January 2019 Medsafe commenced a prosecution of the company in the District Court alleging 9 breaches of the Medicines Act 1981.

Two of the charges relate to the alleged sale of an unlicensed medicine, being Arthrem. The company has always maintained that Arthrem is a dietary supplement, not a medicine. The remaining charges relate to the promotion of Arthrem on the company's websites and are based on the assumption that Arthrem is an unlicensed medicine. The company notes that all its marketing and advertising material was submitted for review to the Therapeutic Goods Advertising Pre-Vetting Service (TAPS) before being published and it received a TAPS Approval Number that is displayed on every item.

The directors are unable to comment in more detail as this matter is now before the Courts. The directors have retained senior counsel and will defend the charges. The outcome of this action is likely to have a significant impact on the natural products sector in New Zealand.

## New Zealand

Arthrem has retained the support of most pharmacies and continues to sell, however consumer confidence has been shaken by the Medsafe Alerts. Very little advertising and marketing support for Arthrem was undertaken post the Medsafe Alert and sales have suffered accordingly.

In view of the Medsafe prosecution no additional expenditure will be incurred in New Zealand until the matter has been resolved. In the meantime, Arthrem remains available in pharmacies and online.

The release of two new products has been deferred until the Medsafe issues have been resolved.

## Australia

The launch of Arthrem in New South Wales in February 2018 coincided with the Medsafe Alert. Sales were affected as pharmacies were reluctant to recommend Arthrem. The combination of a lack of revenue from the New Zealand market and the need to conserve cash meant that there was little additional marketing expenditure following the launch publicity.

Nevertheless, Arthrem is now stocked throughout Australia in approximately 600 pharmacies, mainly in most of the major pharmacy groups, and is also available online. Sales have been lower than expected due to the lack of marketing and advertising support. The situation will be reviewed in 2019.

The company has ensured that pharmacy staff in Australia are aware of the need to question potential Arthrem customers prior to selling them Arthrem to ensure that those customers do not have any liver related conditions or are not taking medicines that may have an adverse impact on the liver. Arthrem has a different legal status in Australia that is not available in New Zealand and allows more definite advertising claims to be used. Medsafe has the view that Promisia may be in breach of the Medicines Act to refer to this status by name in New Zealand.

## Artevite

The launch of Artevite in New Zealand in early 2018 was also affected by the Medsafe Alert. Sales have been considerably lower than expected and have suffered from the lack of advertising after the initial launch.

The product has a shelf life and creative measures are being taken to get the product into the hands of dog owners to build market share without incurring significant expenditure.

## Capital Raising

The capital raising in January 2018 provided the cash to fund the launch of Arthrem in Australia and Artevite in New Zealand and enabled the company to survive following the Medsafe Alert. Despite a severe reduction in expenditure, particularly in marketing and advertising costs, the company required financial support in order to remain in business.

The company was fortunate to receive significant financial support from Brankin Trust, an entity associated with Tom Brankin, one of the company's directors. Total advances from Brankin Trust were $800,000 by year end and these advances were converted into equity in the rights issue held in December 2018. On behalf of the directors and all shareholders I wish to thank Brankin Trust and Mr Tom Brankin for their ongoing support of the company. Without this support the company would have had to stop trading.

The December rights issue was supported by a number of shareholders and the directors thank them for their support.

The compliance requirements, and associated costs, for smaller capital raisings are high and make raising capital an expensive exercise for smaller companies.

## Current Priorities

The outcome of the Medsafe prosecution will have a significant influence on the direction of the company in 2019 and beyond. The future of Arthrem and the proposed new products, particularly in New Zealand, is dependent on an acceptable outcome to the prosecution. As noted previously, it will also have a significant effect on the non-medicine sector of the health market, particularly natural products. The directors are not prepared to commit any significant expenditure in New Zealand until the position is clarified.

A revised strategy is being developed for Australia. Other markets for Artemisia products are also being investigated.

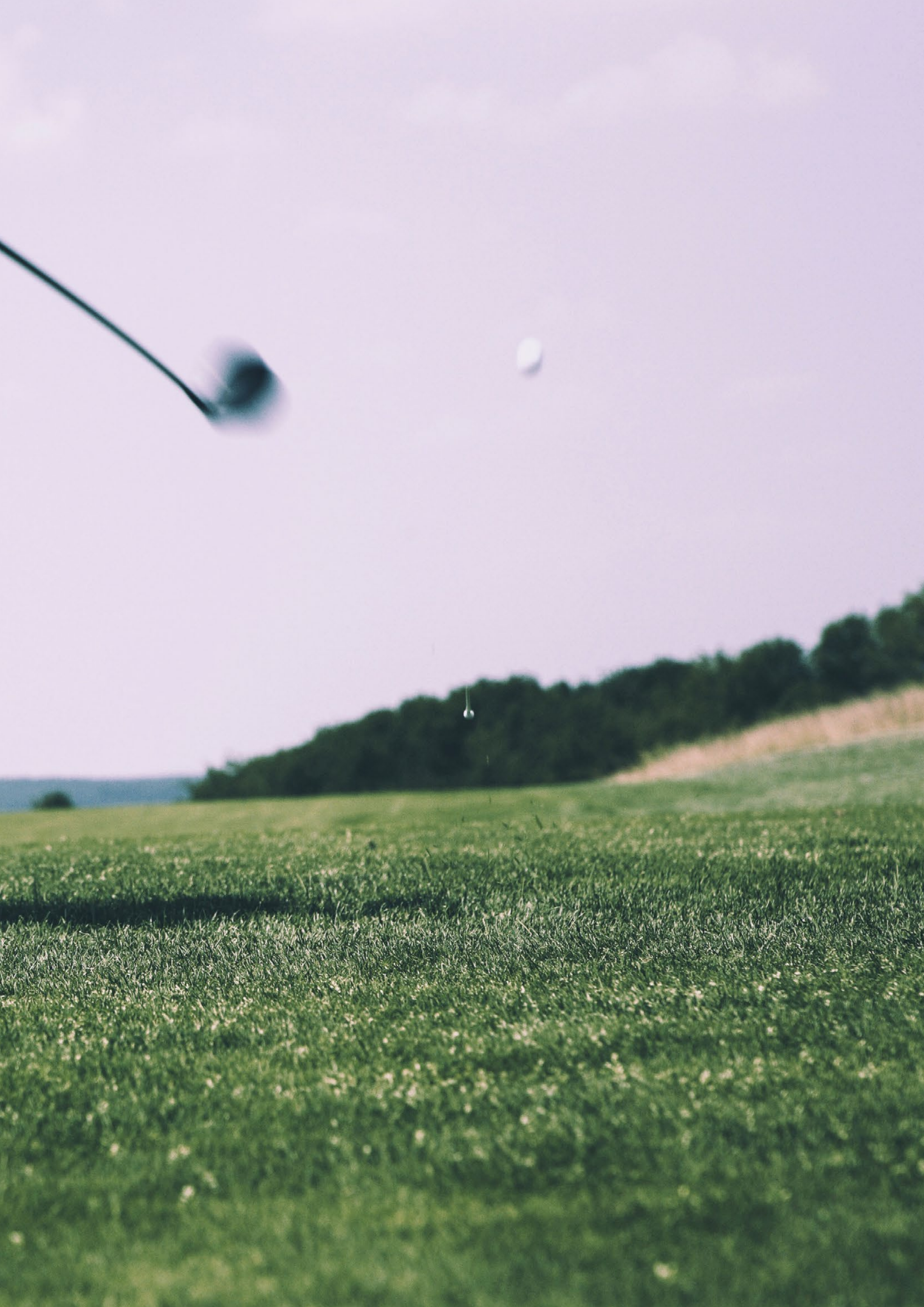
The company will not need to grow an Artemisia crop in Tanzania this year as it has sufficient extract and dried leaf on hand to satisfy foreseeable requirements.

The last year has been one of the most trying in the company's recent history. Directors and shareholders look forward to a more productive 2019. Shareholders will be kept informed of progress as it occurs over the next few months.

**Stephen Underwood**

Chairman

29 March 2019



# PEOPLE – BOARD OF DIRECTORS

## Mr S. Underwood
**BCA LLB (VUW) Chairman**

Stephen Underwood is a business and management consultant with an extensive background in venture capital investment. He is a director of a number of private companies.

## Mr M.D. Priest

Duncan Priest has a long association with the New Zealand capital markets, equity financing and investment banking. He has considerable experience in raising capital from both the retail and wholesale markets.

## Mr T.D. Brankin
**Dip Agriculture & Dip Farm Management (Lincoln)**

Thomas Brankin is a New Plymouth based businessman with significant interests in rest homes, hospitals and retirement villages. His other interests include commercial and residential property and farm management software.

## Ms H. Down
**BCA (VUW) FCIM**

Helen Down is a well known Wellington – based expert in both marketing and governance, particularly in the science, technology, engineering, mathematics and medicine (STEMM) sectors. Helen is currently a Board Member and Chief Executive of the Hutt Valley Chamber of Conmerce.

# MANAGEMENT

## Mr Rene de Wit
**MSc Chem/MBA (Otago) CEO**

Rene de Wit is an accomplished CEO and Change Manager with 25 years' experience in FMCG, Food Manufacturing, Printing, Packaging, Import/Export, Financial Services and Logistics. He has worked in corporate, privately owned and own business, specialising in turnarounds and change management.

# GOVERNANCE

The overall responsibility for ensuring that the Company is governed appropriately rests with the Board of Directors, ensuring that they enhance investor confidence through good corporate governance practice and accountability in accordance with the Promisia Group Corporate Governance Code – refer to www.promisia.com for the full document.

## THE BOARD OF DIRECTORS

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

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.

### Selection and Role of Chairman

The Chairman is selected by the Board from the non-executive directors. The Chairman's role is to manage the Board in an effective manner and provide leadership in the conduct of the Board's business and to facilitate the Board's interaction with the Company's CEO.

### Board Membership

The Board consists currently of three independent directors and one non-independent director as defined under NZX Rules. All four directors are non-executive directors and were appointed by the Board and have been confirmed in the role by shareholders at a duly constituted meeting. 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.

As at 31 December 2018 the Board was as follows:

- **Stephen Underwood**
  Chairman and Non-executive Director
- **Duncan Priest**
  Non-executive Director
- **Thomas Brankin**
  Non-executive Director
- **Helen Down**
  Non-executive Director

Brief profiles of the current board members are detailed on page 7 of this report.

### Director Independence

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

The Board has determined that Helen Down, Duncan Priest, and Stephen Underwood are independent directors.

Thomas Brankin and associated interests hold a 44.89% shareholding in Promisia Integrative Limited

### Nomination and Appointment of Directors

The Board is responsible for identifying suitable director candidates for consideration by the Board. Directors may also be nominated by shareholders under Listing Rule 3.2.2.

A director may be appointed by an ordinary resolution of shareholders and all directors are subject to removal by ordinary resolution. The Board may, at any time, appoint additional directors. However, a director shall only hold office until the next annual meeting of the Company, but shall be eligible for election at that meeting. One third of directors shall retire from office at the annual meeting each year. The directors to retire shall be those who have been longest in office since they were last elected or deemed to be elected.

## Directors' Meetings

The number of meetings attended by directors during the year is detailed in the table below.

| | Board Meeting | | Audit Committee | |
|---|---|---|---|---|
| Director | **Held** | **Attended** | **Held** | **Attended** |
| Stephen Underwood | 11 | 9 | - | - |
| Duncan Priest | 11 | 8 | - | - |
| Thomas Brankin | 11 | 11 | - | - |
| Helen Down | 11 | 11 | - | - |

## Disclosure of Interests by Directors

The Company maintains an Interests Register in which particulars of certain transactions and matters involving directors must be recorded. The Interests Register for Promisia Integrative Limited and subsidiaries is available for inspection at its registered office.

Details of matters entered into the register by individual directors are outlined on pages 37 and 38 of this report.

## Directors' Share Dealings

As part of its corporate governance code of practice and charter development the Company has adopted a formal share dealing policy which sets out the procedure to be followed by directors and staff in the event of trading in Promisia Integrative Limited shares to ensure that no trades are affected while that person is in possession of price sensitive information. Details of director and staff share transactions are outlined on page 38.

## Indemnification and Insurance of Directors and Officers

The Company holds Directors and Officers liability insurance.

## BOARD COMMITTEES

Presently the Board operates only one committee, being the Audit Committee. Matters concerning nominations to the Board of Directors and remuneration are dealt with by the full Board in keeping with the size of the Company.

## Audit Committee

The role of the Audit Committee is 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. 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.

The Audit Committee comprises two non-executive directors one whom which has special expertise in financial matters. The Audit Committee members are Stephen Underwood (Chair) and Duncan Priest. The Audit Committee did not meet during the financial year, attending to all matters through the full board meetings.

## Remuneration Committee

During the 2018 financial year the full Board dealt with the functions of the Remuneration Committee. Matters considered related to the remuneration, benefits and terms of employment of senior executives of the Company, including the staff unpaid share scheme.

## Nominations Committee

During the 2018 financial year the full Board dealt with the functions of the Nominations Committee. Its function is to identify and recommend candidates for the position of director of the Company taking into account the skills, experience and qualifications necessary to ensure that the Board works as an effective unit.

## REMUNERATION

Remuneration of both directors and Company executives is a responsibility of the Remuneration Committee, being the full board. Details of director and executive remuneration, including entitlements, are set out on page 40.

## Remuneration of Directors

The amount paid currently to all non-executive directors is $17,000 per annum (other than the Chairman). The Chairman is paid $49,000 per annum. Under NZX Listing Rule 3.5.2, the Board may only make a payment to a director upon cessation or retirement from office with shareholder approval. The Company's policy is in line with best practice guidelines from the New Zealand Institute of Directors and no directors are entitled to retirement payments.

## Remuneration of Executives and Employees

Executive remuneration consists of a salary with the ability to participate in share options being granted from time to time as an additional incentive.

## Market Disclosure

The Board is committed to the promotion of investor confidence by ensuring that trading of its shares takes place in an efficient, competitive and informed market.

The Company has in place procedures designed to ensure compliance with the NZX Listing Rules so that:

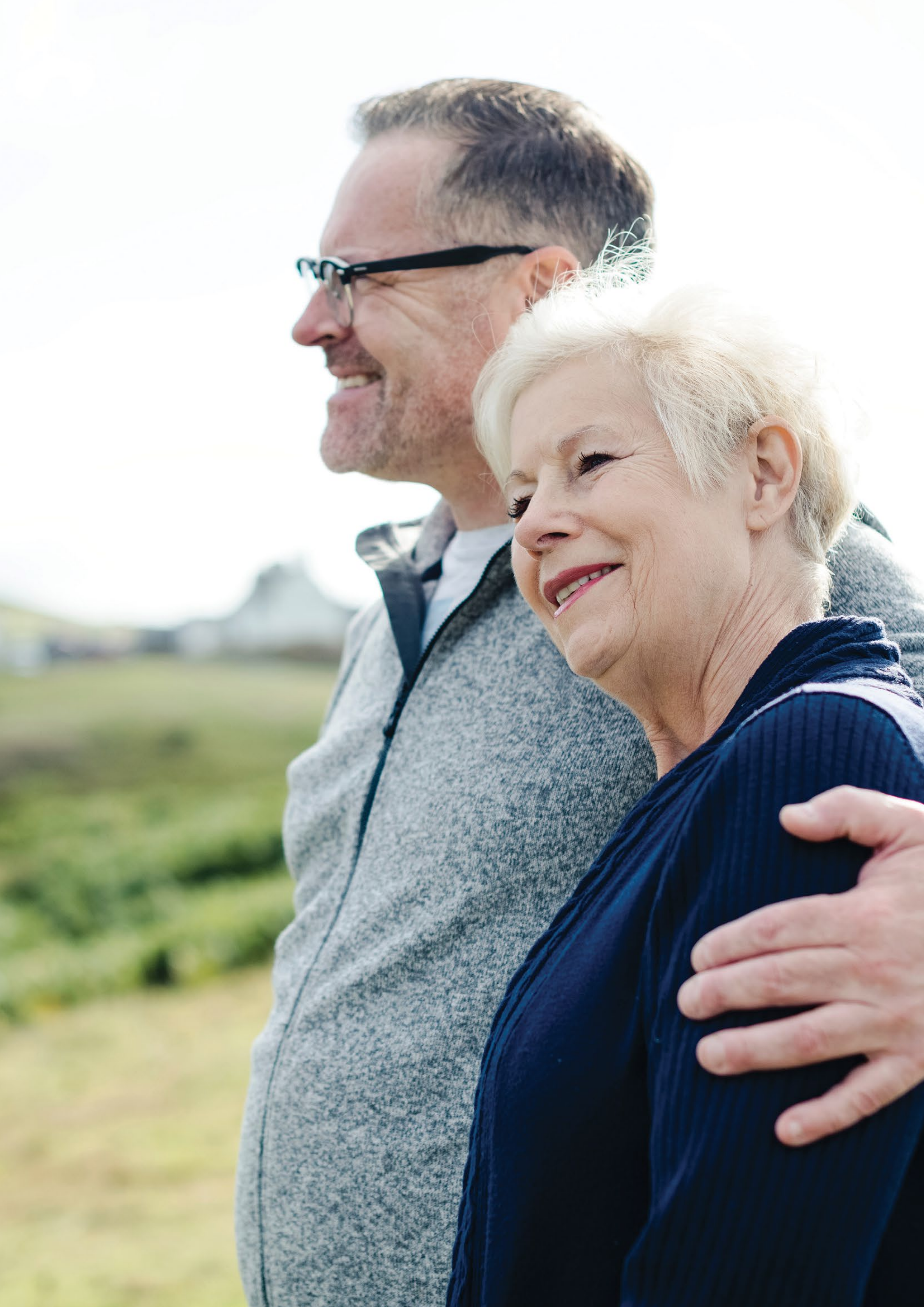
- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced form.

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.

## Diversity

As at 31 December 2018 the gender balance of the Company's directors and senior management was as follows:

| | **Directors** | **Management** |
|---|---|---|
| Male | 3 | 1 |
| Female | 1 | 1 |
| **Total** | **4** | **2** |



# Promisia Integrative Limited

## Independent auditor's report to the Shareholders

## Report on the Audit of the Consolidated Financial Statements

### Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Promisia Integrative Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, 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.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

### Basis for Disclaimer of Opinion

As disclosed in Note 2(b), the Group has incurred a substantial Net Loss for the year and has had a significant reduction in Revenue from previous years. The Group has commenced a restructuring programme in 2019, and has budgeted a Net Loss for 2019 from trading. As such, Note 2(b) discloses that the ability of the Group to continue operating as a going concern is dependent upon:

— the Group achieving its restructuring programme including an increase in revenue in Australia and a reduction in operating costs and cash outflows;

— the Group receiving funding in 2019 from the issue of 250 million shares at $0.001 per share as disclosed in Note 32(i);

— that the largest shareholder will not require repayment of the loan payable within twelve months of the approval of the financial statements as disclosed in Note 32(ii); and

— the Group being successful in the outcome of the litigation by the Ministry of Health as disclosed in Note 32(iii).

We have been unable to obtain sufficient appropriate audit evidence in respect of the outcome of the restructuring programme and the litigation that would enable us to form an opinion about the Group's ability to continue as a going concern and therefore determine the appropriateness of the going concern assumption.

CHARTERED ACCOUNTANTS & ADVISORS
Level 4, 21 Queen Street
Auckland 1010, New Zealand
PO Box 106 090
Auckland 1143, New Zealand
Telephone: +64 9 366 5000
williambuck.co.nz
William Buck Audit (NZ) Limited

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

The directors are responsible for the Annual Report. Our opinion on the consolidated financial statements does not cover the other information included in the Annual Report and we do not express any form of audit opinion or assurance conclusion on the other information.

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.

## Other Matter

The consolidated financial statements of Promisia Integrative Limited and its subsidiaries for the year ended 31 December 2017 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on 21 March 2018.

## Directors' Responsibilities for the Consolidated Financial Statements

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 responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with International Standards on Auditing (New Zealand) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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 we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

William Buck

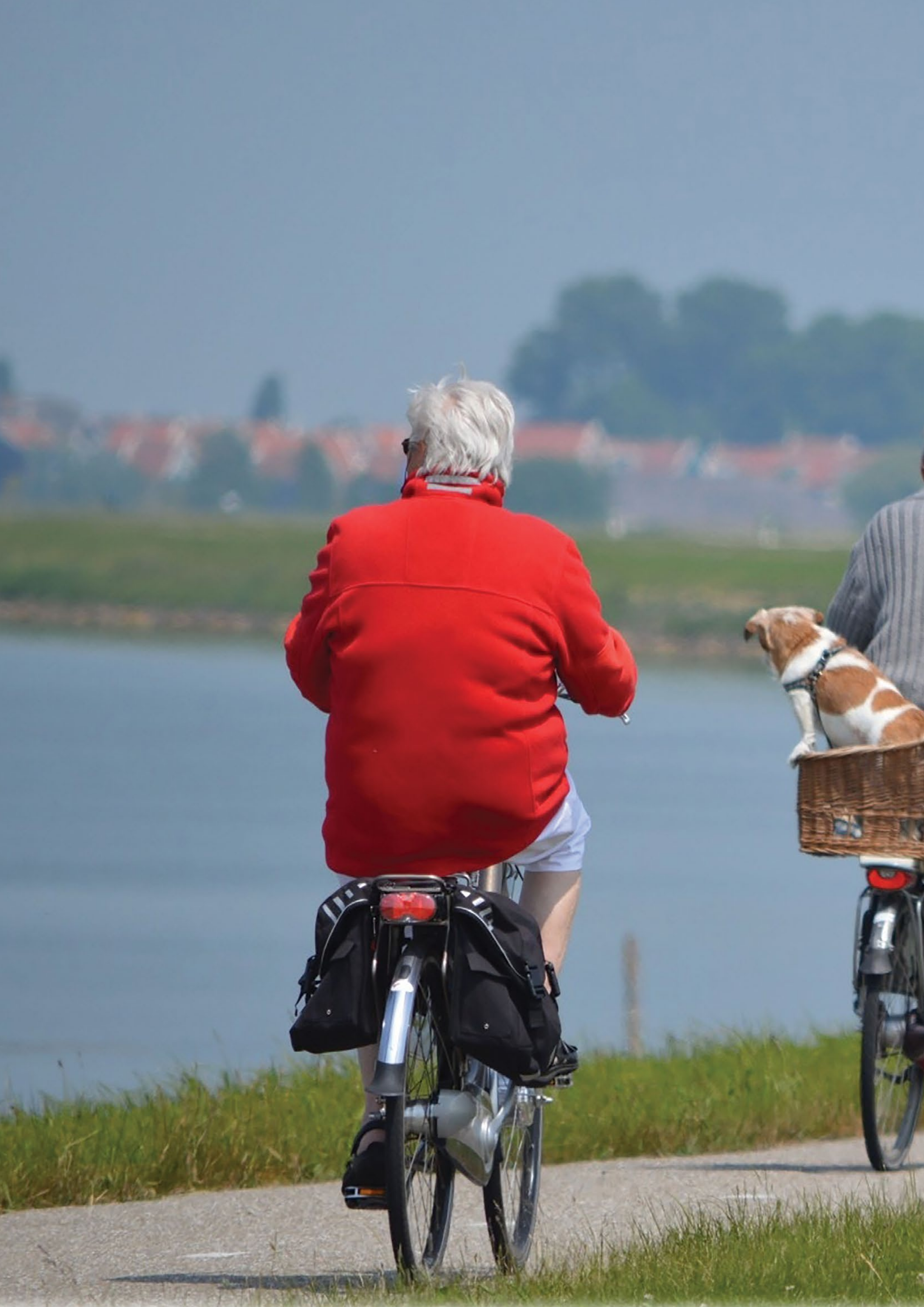
### Restriction on Distribution and Use

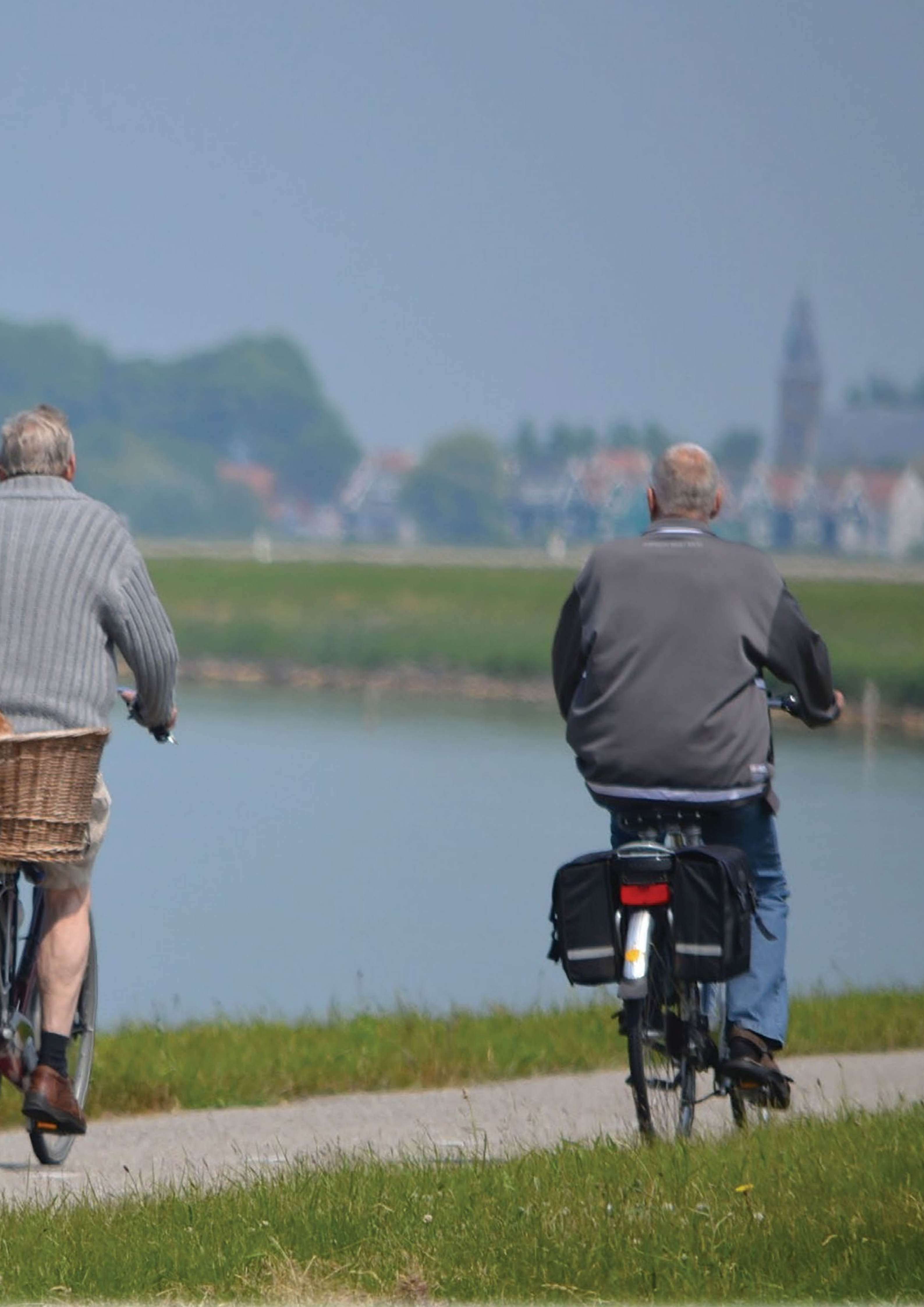
This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we 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

29 March 2019





# FINANCIAL STATEMENTS

## PROMISIA INTEGRATIVE LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

| GROUP | Note | 2018<br>$000 | 2017<br>$000 |
|---|---|---|---|
| **Revenue** | **3** | 727 | 2,332 |
| Cost of goods sold | **4** | (531) | (642) |
| | | **196** | **1,690** |
| **Other income** | | **14** | **76** |
| **Expenses** | | | |
| Administration | **5** | (800) | (923) |
| Operating | **5** | (1,637) | (1,379) |
| Research | **5** | (116) | (258) |
| Amortisation and depreciation | **5** | (28) | (23) |
| **Total Expenses** | | **(2,581)** | **(2,583)** |
| **OPERATING LOSS** | | **(2,371)** | **(817)** |
| Finance costs – interest paid | | (42) | (64) |
| Finance income – interest received | | 1 | 22 |
| **LOSS BEFORE INCOME TAX** | **8** | **(2,412)** | **(859)** |
| Income tax expense | **6** | - | - |
| **NET LOSS FOR YEAR** | | **(2,412)** | **(859)** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Items that may be subsequently reclassified to profit or loss | | - | - |
| Currency translation differences | **10** | 5 | (17) |
| **TOTAL COMPREHENSIVE LOSS FOR YEAR ATTRIBUTABLE TO SHAREHOLDERS** | | **(2,407)** | **(876)** |
| **EARNINGS PER SHARE** | | | |
| Basic earnings per share | **12** | $(0.004) | $(0.002) |
| Diluted earnings per share | **12** | $(0.004) | $(0.002) |

All revenue, expenses and the net loss relate to the continuing operations of the Group. The net loss and comprehensive loss were all allocated to company shareholders.

This statement should be read in conjunction with the notes to the financial statements

## PROMISIA INTEGRATIVE LIMITED
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

| GROUP | SHARE CAPITAL | FOREIGN CURRENCY RESERVE | SHARE OPTION RESERVE | ACCUM LOSSES | TOTAL |
|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 |
| **Equity at 31 December 2016** | **55,799** | **194** | **83** | **(54,391)** | **1,685** |
| Net loss for the year | - | - | - | (859) | (859) |
| Other comprehensive income | - | (17) | - | - | (17) |
| Share Issue | 167 | - | - | - | 167 |
| Share based payment | - | - | 43 | - | 43 |
| Expired/Retired share options | 75 | - | (75) | - | - |
| **Equity at 31 December 2017** | **56,041** | **177** | **51** | **(55,250)** | **1,019** |
| Net loss for the year | - | - | - | (2,412) | (2,412) |
| Other comprehensive income | - | 5 | - | - | 5 |
| Share Issue | 2,169 | - | - | - | 2,169 |
| Share based payment | - | - | 17 | - | 17 |
| Expired/Retired share options | 68 | - | (68) | | - |
| **Equity at 31 December 2018** | **58,278** | **182** | **-** | **(57,662)** | **798** |

This statement should be read in conjunction with the notes to the financial statements.

## PROMISIA INTEGRATIVE LIMITED
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

| GROUP | Note | 2018 $000 | 2017 $000 |
|---|---|---|---|
| Equity | | | |
| Share Capital | **7** | 58,278 | 56,041 |
| Accumulated Losses | **8** | (57,662) | (55,250) |
| Other Equity Reserves | **9** | 182 | 228 |
| **TOTAL EQUITY** | | **798** | **1,019** |
| **Represented By :** | | | |
| Current Assets | | | |
| Bank | | 512 | 324 |
| Receivables | **13** | 53 | 238 |
| Inventory | **15** | 1,156 | 1,383 |
| Prepayments | **14** | 4 | 137 |
| Tax Receivable | | 5 | 6 |
| **TOTAL CURRENT ASSETS** | | **1,730** | **2,088** |
| Non-Current Assets | | | |
| Other Assets | **18** | 75 | 75 |
| Intangible Assets | **17** | 11 | 125 |
| Property, Plant & Equipment | **16** | 35 | 7 |
| **TOTAL NON CURRENT ASSETS** | | **121** | **207** |
| **TOTAL ASSETS** | | **1,851** | **2,295** |
| Current Liabilities | | | |
| Payables and Accruals | **19** | 261 | 316 |
| Employee benefits | | 8 | 41 |
| Loan | **20** | 188 | 480 |
| **TOTAL CURRENT LIABILITIES** | | **457** | **837** |
| **NON CURRENT LIABILITIES** | | | |
| Loan | **20** | 596 | 439 |
| **TOTAL LIABILITIES** | | **1,053** | **1,276** |
| **NET ASSETS** | | **798** | **1,019** |

Authorised for issue on behalf of the Board

**Stephen Underwood**
Chairman
Wellington 29 March 2019

**Tom Brankin**
Director

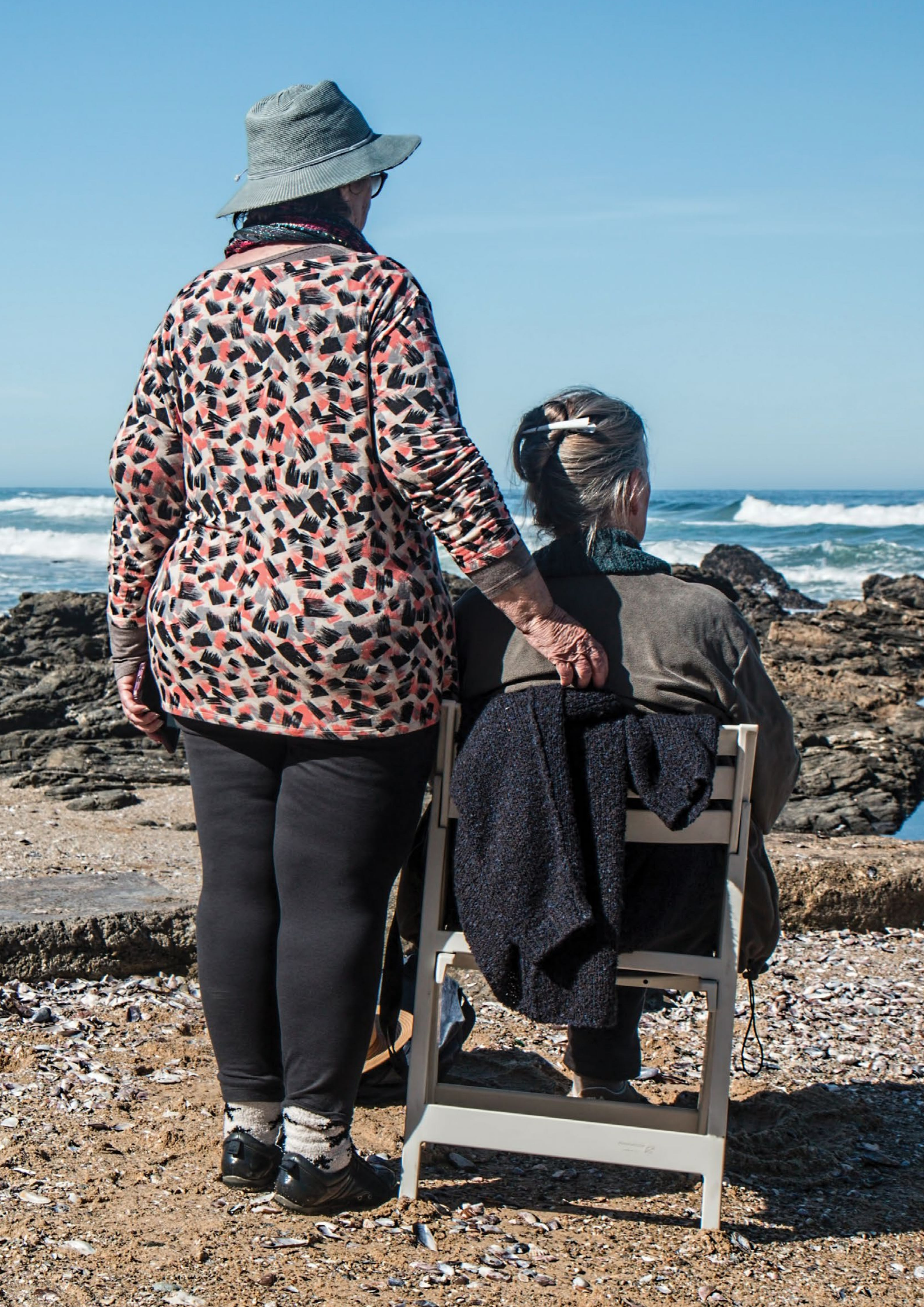
This statement should be read in conjunction with the notes to the financial statements.

# PROMISIA INTEGRATIVE LIMITED
# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

| GROUP | Note | 2018 $000 | 2017 $000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Cash was provided by (applied to): | | | |
| Receipts from customers | | 741 | 2,926 |
| Payments to suppliers and employees | | (2,500) | (4,410) |
| Net interest paid | | (40) | (42) |
| **NET CASH USED IN OPERATING ACTIVITIES** | **25** | **(1,799)** | **(1,526)** |
| **INVESTING ACTIVITIES** | | | |
| Cash was provided from (applied to): | | | |
| Purchase property, plant & equipment | | (39) | (5) |
| Purchase intangible assets | | (8) | (19) |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(47)** | **(24)** |
| **FINANCING ACTIVITIES** | | | |
| Cash was provided from (applied to): | | | |
| New share capital | | 2,169 | 167 |
| Repayment of loan | **26** | (135) | (120) |
| **NET CASH FROM FINANCING ACTIVITIES** | | **2,034** | **47** |
| **NET CHANGE IN CASH HELD** | | **188** | **(1,503)** |
| Bank at beginning of year | | 324 | 1,827 |
| **BANK AT END OF YEAR** | | **512** | **324** |

This statement should be read in conjunction with the notes to the financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

## 1. General Information

The financial statements presented are those of Promisia Integrative Limited (the company) and its subsidiaries (the group). The Group's principal activities are focused on developing and marketing unique therapeutic natural products with proven safety and efficacy based on robust scientific research.

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

Promisia Integrative Limited is a company domiciled and incorporated in New Zealand. The registered office of the company is Level 4, 22 Panama Street, Wellington.

## 2. Statement of Accounting Policies

### (a) Basis of Preparation

The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, which is the New Zealand equivalent to International Financial Reporting Standards (NZIFRS). They also comply with International Financial Reporting Standards.

The financial statements are presented in New Zealand dollars which is the group's functional and presentation currency and rounded to the nearest thousand dollars unless stated otherwise.

### (b) Going concern

The Promisia Group has generated sales of $727,000 (2017: $2,332,000) and net losses of $2,407,000 (2017: $876,000) during the year ended 31 December 2018. At year end the consolidated statement of financial position records a position of positive working capital and equity.

It is the continuing opinion of the board of directors that there are reasonable grounds to believe that 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.

In arriving at this position the directors have considered the following pertinent matters:

1. The group raised additional capital $955,000 in January 2018 by a private placement and $1,345,063 in December 2018 by a renounceable rights issue which also included debt conversion.
2. A further $250,000 of new capital will be received in 2019 – see Note 32(i). The additional capital raised is being used to support the launch of Arthrem into the Australian market.
3. The Group has put in place a restructuring programme which includes increasing revenue in Australia and achieving a reduction in operating costs and cashflows.
4. Refinanced the loan from Wells Investments Ltd with a change in terms – see Note 32(ii). The loan does not require payment within the next twelve months.
5. Considered the impact of the Ministry of Health prosecution - see Note 32(iii).

### (c) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with NZIFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions about the future. The resulting accounting estimates will by definition seldom equal related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below:

#### Share based payments

The significant estimates and assumptions involved in measuring the cost of equity settled transactions with directors and management (Note 7.4).

#### Impairment of intangible assets

Intangible assets are amortised and are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable (Note 16).

#### Inventory

Inventory has been reviewed for obsolescence and all old inventories have been fully written off in accordance with the group's inventory policy.

### (d) Specific accounting policies

The following specific accounting policies which materially affect the measurement of profit and the financial position have been applied.

#### (i) Basis of consolidation — purchase method

The consolidated financial statements include the company and its subsidiaries accounted for using the purchase method. All significant inter-company transactions are eliminated on consolidation.

#### (ii) Statement of Cash flows

For the purpose of the cash flow statement, cash includes cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts.

Cash flows are presented in the statement of cash flows on a GST inclusive basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

### (iii) Foreign currencies

Transactions in foreign currencies are initially recognised in the functional currency of the relevant operating unit. At balance date, foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these translations 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 translation reserve.

### (iv) 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 with the exception of receivables and payables which include GST invoiced. Operating cash flows are presented on a GST inclusive basis.

### (v) Revenue

Revenue on sales of goods is recognized when they are delivered and ready for use by the customer and recorded at net of discounts allowed. The group's revenue is categorized as retail, on-line and other sales.

### (vi) Government Grants

Government and other grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### (vii) Taxation

The income tax expense charged to the statement of comprehensive income includes both the current year's provision and the income tax effect of (i) Taxable temporary differences, except those arising from initial recognition of goodwill and other assets that are not depreciated; and (ii) Deductible temporary differences to the extent that it is probable that they will be utilised. Temporary differences arising from transactions, other than business combinations, affecting neither accounting profit nor taxable profit are ignored.

Tax effect accounting is applied on a comprehensive basis to all timing differences. A deferred tax asset is only recognised to the extent that it is probable there will be future taxable profit to utilise the temporary differences.

### (viii) Share capital

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of the issue. Where share options issued have expired then share capital includes an adjustment for the expired share option cost as transferred from the option reserve.

### (ix) Share based payments

The Group measures the cost of equity-settled transactions with directors and management by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.4.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

### (x) Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, other assets (being the NZX listing bond), loans and advances to others, trade and other payables and term borrowings. They are all recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantively all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows.

The Group does not have any derivative financial instruments or any other financial assets or liabilities that are classified as instruments at fair value through profit and loss under NZ IFRS.

### (xi) Receivables and payables

Receivables and payables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts).

### (xii) Employee benefits

A liability for short-term employee benefits accruing to employees in respect of salaries and annual leave other than termination benefits, that are expected to be settled wholly within 12 months after the end of the reporting period are accrued and recognised in the consolidated statement of financial position. Short-term employee benefits as a result of employee services are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

The group has no long term benefits.

### (xiii) Inventories

Inventories are stated at the lower of cost, determined on a first-in first-out basis, and net realisable value after making any allowance for obsolescence or degradation. In particular, certain inventory which is older than 6 years is discounted by 30%. The cost of finished goods includes the cost to purchase the inventory and transport it to its current location.

### (xiv) Intangible Assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Costs that are associated directly with the development of software are recognised as intangible assets where the following criteria are met:

For external developed software - expenditure on the research phase of a project to develop new customised software for e-commerce platforms is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements: (i) the development costs can be measured reliably (ii) the project is technically and commercially feasible (iii) the Group intends to and has sufficient resources to complete the project (iv) the Group has the ability to use or sell the software (v) the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

The useful lives of the Group's intangible assets excluding trademarks are assessed to be finite. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired. Trademarks are not amortised and are reviewed annually to ensure they are still applicable and registered.

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the intangible asset of 3 to 5 years, from the date it is available for use.

### (xv) Plant and equipment

Plant and equipment is initially recorded at cost. When an item of property, plant and equipment is disposed of any gain or loss is recognised in the Consolidated Statement of Comprehensive Income and calculated as the difference between the sale price and the carrying value of the item.

Depreciation is provided for on a diminishing value basis on all plant and equipment at depreciation rates calculated to allocate the assets' cost or valuation less estimated residual value over their estimated useful lives.

Major depreciation periods are plant and equipment 5 to 15 years.

Assets are fully written off when no longer in use by the Group.

### (xvi) Impairment

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets 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 in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of the fair value less costs to sell and value in use.

If the recoverable amount of an asset 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 in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, other than for goodwill, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent 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 in the statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### (xvii) Changes in accounting policies

There have been no changes to the accounting policies for the year ended 31 December 2018.

Adoption status of relevant new financial reporting standards and interpretations:

## 3. Revenue

| **GROUP** | **2018 $000** | **2017 $000** |
|---|---|---|
| Retail | 493 | 2,069 |
| On– line | 82 | 226 |
| Other | 152 | 37 |
| **Total Revenue** | **727** | **2,332** |

(i) The following standards - NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers became effective for the first time for periods beginning on or after 1 January 2018. They were adopted and had no significant effect on the Group's financial statements as at 31 December 2018.

(ii) The following new standard - NZ IFRS 16: Leases, became effective for early adoption or is effective for periods beginning on or after 1 January 2019. The group's assessment of the impact of adopting this standard is expected to be minimal. The standard will be adopted at the appropriate date required.

## 4. Cost of Goods Sold

| GROUP | 2018 $000 | 2017 $000 |
|---|---|---|
| At 1 January – inventory | 1,383 | 811 |
| Purchases | 303 | 1,214 |
| At 31 December – inventory | (1,156) | (1,383) |
| **Cost of goods sold** | **531** | **642** |

## 5. Analysis of Expenses

| GROUP | 2018 $000 | 2017 $000 |
|---|---|---|
| **Administration** | | |
| Auditor's remuneration | 28 | 26 |
| Directors' fees | 100 | 93 |
| Foreign exchange (gain) loss | 7 | (16) |
| NZX listing & registry | 48 | 97 |
| Rental | 48 | 43 |
| Share based payment | 17 | 43 |
| Staff & employment costs | 344 | 388 |
| Other | 208 | 249 |
| **Total Administration** | 800 | 923 |
| **Operating** | | |
| Distribution | 411 | 248 |
| Marketing | 1,057 | 1,131 |
| Impairment of intangible assets | 105 | - |
| Other operating costs | 64 | - |
| **Total Operating** | 1,637 | 1,379 |
| **Research** | | |
| Employment costs | 93 | 195 |
| Other research | 23 | 63 |
| **Total Research Expenses** | 116 | 258 |
| Amortisation and depreciation | 28 | 23 |
| **TOTAL EXPENSES** | **2,581** | **2,583** |

## 6. Taxation

| GROUP | 2018 $000 | 2017 $000 |
|---|---|---|
| Net (Loss) for year - (note 8) | (2,412) | (859) |
| Taxation @ 28 cents | - | - |

The Group has $5,734,887 (2017: $4,372,082 ) of New Zealand domiciled entity tax losses accumulated from previous years. The net losses available for tax purposes as at 31 December 2018 have been reduced by $30,000 (2017: $48,000) to account for temporary differences and non - deductible overseas income and expenses.

The current tax losses and 49% shareholder continuity are subject to IRD approval. To offset these tax losses against future taxable income, a 49% continuity of ultimate shareholders must own the Company's shares from beginning of the year of the loss to the end of the year of offset. The company has not met this condition at 31 December 2018 and lost the ability to offset these losses against future taxable income.

There are no imputation credits available to shareholders (2017: $nil).

### Deferred tax

No deferred tax asset has been recognised. Any future tax losses will be recognised as an asset at the time that it is considered probable that future taxable profits are available to offset these tax losses.

## 7. Share Capital

The Group's share capital includes fully paid and subscribed ordinary shares Of 1,901,797,451 and unpaid ordinary shares of 16,595,856 (2017: 16,595,856) totalling 1,918,393,307 (2017: 525,554,827). All fully paid ordinary shares carry full and equal voting rights, share equally in distributions and have no par value. Movements in the issued and unissued ordinary shares are set out below:

### 7.1 Fully paid ordinary shares

There were 1,901,797,451 (2017: 508,958,971) fully paid ordinary shares on issue at balance date. The ordinary shares do not have a par value.

| | 2018 Number of shares (000) | 2017 Number of shares (000) | 2018 $000 | 2017 $000 |
|---|---|---|---|---|
| At 1 January | 508,959 | 498,511 | 56,041 | 55,799 |
| New subscribed and paid capital | 1,392,838 | 10,448 | 2,300 | 167 |
| Expired/Retired options | - | - | 68 | 75 |
| Issue costs | - | - | (130) | - |
| **At 31 December** | **1,901,797** | **508,959** | **58,278** | **56,041** |

During 2018, no ordinary shares were issued and purchased by staff as part of the Staff Unpaid Share Scheme (2017 - 10,488,130 ordinary shares were issued (see note 7.2) and purchased by staff as part of the Staff Unpaid Share Scheme for a total of $167,000 ($0.16 per share). See Note 22.2 (e).

## 7.2 Unpaid ordinary shares – Treasury shares

There were of unpaid ordinary shares 16,595,856 (2017: 16,595,856)  available for issue at balance date as part of the Staff Unpaid Share Scheme for eligible staff, being employees or contractors, to purchase.

| | 2018 Number of shares | 2017 Number of shares | 2018 $000 | 2017 $000 |
|---|---|---|---|---|
| At 1 January | 16,595,856 | 27,043,986 | - | - |
| Unpaid subscribed shares (transferred)/ acquired to fully paid shares | - | (10,448,130) | - | - |
| **At 31 December** | **16,595,856** | **16,595,856** | **-** | **-** |

During the year no  (2017:10,448,130) unpaid ordinary shares were allocated and purchased by staff as part of this scheme.

The unallocated and unpaid ordinary shares are held by a nominee company, Promisia Trustee Limited - see Note 22.2 (e).

## 7.3 Option Scheme

On 1 September 2014 the company granted further options totalling 17.08 million to the directors and management of the company. See note 22.2 (c) for other details.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

| | 2018 Number of options | 2018 Weighted average of exercise price | 2017 Number of options | 2017 Weighted average of exercise price |
|---|---|---|---|---|
| Outstanding at 1 January | 7,310,000 | $0.08 | 15,310,000 | $0.08 |
| Expired/Retired | (7,310,000) | $0.08 | (8,000,000) | $0.08 |
| **Outstanding at 31 December** | **-** | **-** | **7,310,000** | **$0.06** |

The terms of issue of the options were:

The options (i) may be converted to ordinary shares by payment of $0.08 per share up to the expiry date of 29 May 2018. (ii) may be transferred at any time provided the board approves the transfer. (iii) will not give any right to participate in dividends or any new pro rata entitlement issues of securities of the company until shares are allotted pursuant to the exercise of the options. (iv) shall vest annually based on a prorated calculation over the life of the option from grant to expiry date.

The option scheme expired on 29 May 2018 and none of the terms occurred.

## 7.4 Share based payments & options granted

During the year the share based payment expense recognised for options granted by the company amounted to $17,434 (2017 $42,707.) See Note 11 for further details.

The fair value of the services rendered in exchange for the grant of the options are recognised as an expense and the amount expensed is determined by reference to the fair value of the options granted. There are no market or non-market performance conditions attached to the options granted.

When the options are exercised the company issues new shares and the proceeds received, net of any directly attributable transaction costs are credited to the share capital and share premium accounts.

The fair value of the share options are estimated at the grant date using the Black - Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

The volatility was measured based on a statistical analysis of share prices over the 2018/17 year and a comparison of volatilities to other similar operating companies.

The inputs into the share option pricing model are as follows:

| Options granted | Issue |
|---|---|
| Grant date | 1 Sept 2014 |
| Vesting period ends | 29 May 2018 |
| Share price at date of grant | 0.042 cents |
| Volatility | 50% |
| Option life | 3.7 years |
| Risk free investment rate | 3.61% |
| Fair value at grant date | 0.0094 cents |
| Exercise price at date of grant | 0.08 cents |
| Weighted average remaining contractual life | 3.4 years |

The option scheme expired on 29 May 2018.

## 8. Accumulated Losses

| GROUP | 2018 $000 | 2017 $000 |
|---|---|---|
| At 1 January | (55,250) | (54,391) |
| Net loss for the year | (2,412) | (859) |
| **At 31 December** | **(57,662)** | **(55,250)** |

## 9. Other Equity Reserves

| GROUP | 2018 $000 | 2017 $000 |
|---|---|---|
| Foreign currency – Note 10 | 182 | 177 |
| Share option – Note 11 | - | 51 |
| | **182** | **228** |

## 10. Foreign Currency Reserve

| GROUP | 2018 $000 | 2017 $000 |
|---|---|---|
| At 1 January | 177 | 194 |
| Movement in foreign currency translation | 5 | (17) |
| **At 31 December – Note 9** | **182** | **177** |

This reserve comprises the foreign currency translation differences arising from the translation of the financial statements of the Group’s foreign entities into New Zealand dollars.

## 11. Share Option Reserve

| GROUP | 2018<br>$000 | 2017<br>$000 |
|---|---|---|
| At 1 January | 51 | 83 |
| Share options granted to CEO/Directors | 17 | 43 |
| Expired and transferred to share capital | (68) | (75) |
| **At 31 December – Note 9** | **-** | **51** |

All share based remuneration is ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to the share option reserve. At the time of any expiry or exercise of options, the amount of the reserve relating to the expiry or exercise of options is transferred to share capital.

## 12. Earnings per share

| GROUP | 2018<br>$000 | 2017<br>$000 |
|---|---|---|
| Net Loss for year | (2,412) | (859) |
| Basic earnings per share | $(0.004) | $(0.002) |
| Diluted earnings per share | $(0.004) | $(0.002) |
| | **2018<br>Number of shares** | **2017<br>Number of shares** |
| Weighted average number of shares for basic EPS | 668,800 | 505,871 |
| Weighted average number of shares for diluted EPS | 640,082 | 514,515 |

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 based on the loss from continuing operations attributable to ordinary shareholders and the weighted average number of ordinary shares assuming that the share options were exercised in full as at 31 December 2018 - see Note 7.3 for further details.

## 13. Receivables

| GROUP | 2018<br>$000 | 2017<br>$000 |
|---|---|---|
| **Current Receivables** | | |
| Trade receivables | 26 | 189 |
| Sundry receivables | - | 5 |
| Other taxes | 27 | 44 |
| Total other receivables | 27 | 49 |
| **Total current receivables** | **53** | **238** |

No provision for impairment over receivables was required during 2018 (2017:Nil).

## 14. Prepayments

| GROUP | 2018 $000 | 2017 $000 |
|---|---|---|
| Overseas contractors | - | 137 |
| Other | 4 | - |
| **Total Prepayments** | **4** | **137** |

## 15. Inventory

| GROUP | 2018 $000 | 2017 $000 |
|---|---|---|
| Raw materials and extract | 887 | 736 |
| Finished product | 269 | 647 |
| **Total Inventory** | **1,156** | **1,383** |

Inventory was impaired by $313,000 during 2018 and written off in the cost statement of income as part of cost of sales. (2017 $nil) .

## 16. Property Plant & Equipment

| GROUP | 2018 $000 | 2017 $000 |
|---|---|---|
| **Plant & Equipment Gross carrying amount** | | |
| At 1 January | 9 | 5 |
| Additions | 39 | 4 |
| At 31 December | 48 | 9 |
| **Accumulated depreciation** | | |
| At 1 January | (2) | - |
| Depreciation | (11) | (2) |
| At 31 December | (13) | (2) |
| **Carrying amount at 31 December** | **35** | **7** |

## 17. Intangible Assets

| GROUP | 2018 $000 Website | 2018 $000 Trademarks | 2018 $000 Total |
|---|---|---|---|
| **Gross carrying amount** | | | |
| At 1 January | 142 | 41 | 183 |
| Additions | - | 8 | 8 |
| At 31 December | 142 | 49 | 191 |
| **Accumulated amortisation** | | | |
| At 1 January | (58) | - | (58) |
| Amortisation | (17) | - | (17) |
| Provision for impairment | (56) | (49) | (105) |
| At 31 December | (131) | (49) | (130) |
| **Carrying Amount at 31 December** | **11** | **-** | **11** |

| GROUP | 2017<br>$000<br>Website | 2017<br>$000<br>Trademarks | 2017<br>$000<br>Total |
|---|---|---|---|
| **Gross carrying amount** | | | |
| At 1 January | 142 | 22 | 164 |
| Additions | - | 19 | 19 |
| At 31 December | 142 | 41 | 183 |
| | | | |
| **Accumulated amortisation** | | | |
| At 1 January | (37) | - | (37) |
| Amortisation | (21) | - | (21) |
| At 31 December | (58) | - | (58) |
| **Carrying Amount at 31 December** | **84** | **41** | **125** |

## 18. Other Assets

| GROUP | 2018<br>$000 | 2017<br>$000 |
|---|---|---|
| NZX Listing Bond | 75 | 75 |

## 19. Payables and Accruals

| GROUP | 2018<br>$000 | 2017<br>$000 |
|---|---|---|
| **Current** | | |
| Trade payables | 127 | 267 |
| Other payables | 23 | - |
| Accruals | 110 | 49 |
| **Total Payables and Accruals** | **261** | **316** |

## 20. Loan

| GROUP | 2018<br>$000 | 2017<br>$000 |
|---|---|---|
| **Current liability** | | |
| Loan | 188 | 480 |
| **Non-current liability** | | |
| Loan | 596 | 439 |
| **Total** | **784** | **919** |

At 31 December 2018 the balance of the loan was $783,710.

On 14 March 2018, the Group entered into a further updated loan agreement with Wells Investments Limited. The loan is to be repaid according to a fixed monthly repayment schedule and by December 2021 or earlier, with monthly payments in the range of $12,500 to $30,000 commencing in April 2018. Interest is charged at a rate of 6.5% p.a. However interest was no longer charged from 1 October 2018. Details of the security granted over the loan are set out in Note 21.

Refer to note 32 (ii) - subsequent events for an update on the terms of the loan where the loan was assigned to the Brankin Family Interest Trust on 1 October 2018. The trust is related to one of the directors.

## 21. Securities Granted

Wells Investments Limited holds security over the assets of the Group in priority to all or any other lender until such time the loan is repaid. Refer also to note 32(ii).

## 22. Related Party Information

The Group has related party relationships with its controlled entities, and key management as follows:

### 22.1 Investments in Subsidiaries

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

| | Principal activities | Country of incorporation | Cost $ | Interest held by group % |
|---|---|---|---|---|
| Promisia Limited | Distribution & Manufacture | New Zealand | - | 100 |
| Benefit Arthritis Limited | Distribution | New Zealand | - | 100 |
| Promisia Trustee Limited | Trustee | New Zealand | - | 100 |
| Promisia Australia Pty Limited | Distribution | Australia | 113 | 100 |
| Promisia LLC | Distribution | USA | - | 100 |

### 22.2 Related Party Transactions and Balances

(a) As at 31 December 2018, directors' fees and expenses are owed to:

| GROUP | 2018 $ | 2017 $ |
|---|---|---|
| H.Down | 1,898 | - |
| S. Underwood | - | 57,150 |
| **Total** | **1,898** | **57,150** |

During the year the company entered into the following related party transaction:

Consulting fees of $60,250 (2017 $31,422) were paid to Helen Down, a director and shareholder of the company. All transactions were conducted on normal trading terms.

(b) No debts with related parties have been written off or forgiven during the year. The loan and advance balances by the directors are not secured and interest is not charged.

Refer to note 20 and 32 (ii) - subsequent events for an update on the terms of the loan where the refinancing of the Wells Investment loan of $783,810 occurred on 1 October 2018 and was assigned to the Brankin Family Interest Trust. It went unconditional on 30 January 2019. The loan has no fixed repayment terms, and interest will be charged on the loan. The trust is related to one of the directors – T D Brankin.

(c) As at 31 December 2018, there were no outstanding options granted to directors and management and outstanding:

| | Position | Granted 2018 000 | Outstanding 2018 000 | Granted 2017 000 | Outstanding 2017 000 |
|---|---|---|---|---|---|
| S. Underwood | Director | - | - | - | 1,770 |
| M.D. Priest | Director | - | - | - | 1,770 |
| T.D. Brankin | Director | - | - | - | 1,770 |
| Management | | - | - | - | 2,000 |
| **Total** | | **-** | **-** | **-** | **7,310** |

### (d) Transactions with key management

| GROUP | 2018 $000 | 2017 $000 |
|---|---|---|
| Key management remuneration | 200 | 177 |
| Share based payment | 17 | 43 |

### (e) Staff Unpaid Share Scheme ("scheme")

The company has established a Staff Unpaid Share Scheme which offers eligible employed and contracted staff (''staff") an entitlement to purchase unpaid shares in the company at a specified price on a one-off basis, with no assurance being given that any entitlement will arise in future years. The continued operation of the scheme and any further entitlements will be at the sole discretion of the company directors. Terms and conditions of the offer are as follows:

Details of the unpaid shares and available to be offered to eligible staff are set out in note 7.2.

The company has also set up a bonus scheme for staff with bonuses being paid to staff net of tax based on achieving agreed sales and other targets as set by the board on an annual basis for the financial years ending 31 December 2017. No bonus scheme was set up for the year ending 31 December 2018.

During 2017, 10,488,130 of the unpaid ordinary shares were purchased and paid up in full by staff as part of the Staff Unpaid Share and Bonus Scheme for $167,000. (See note 7.1). If staff do not make payment on the call dates for the unpaid shares allocated to them, then the shares will revert to the nominee company.

## 23. Financial Instruments

The following financial assets and liabilities by categories are as follows:

| GROUP | 2018 Carrying Amount $000 | 2018 Fair Value $000 | 2017 Carrying Amount $000 | 2017 Fair Value $000 |
|---|---|---|---|---|
| Cash | 512 | 512 | 324 | 324 |
| Receivables | 53 | 53 | 238 | 238 |
| Investments | 75 | 75 | 75 | 75 |
| Payables | (269) | (269) | (357) | (357) |
| Loan | (784) | (784) | (919) | (919) |

All carrying amounts of all financial assets are classified under the category of loans and receivables. All financial liabilities are categorised at amortised cost.

### Fair value measurement

The Group does not have any derivative financial instruments or any other financial assets or liabilities that are classified as instruments at fair value through profit and loss under NZ IFRS.

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

### Interest Rate Risk

Interest rate risk is the risk that interest rates will change, increasing or decreasing the cost of borrowing or lending. The interest payable on loans to 31 December 2018 was fixed at 6.5% per annum. However interest was no longer charged from 1 October 2018. (2017: 6.5% per annum). Also refer to note 32(ii) where interest will be charged in the period beginning sometime after 30 January 2019.

### Credit Risk

Credit risk is the risk that an outside party will not be able to meet its obligations to the holding company or group. Financial assets which will potentially subject the Group to concentrations of credit risk consist principally of cash and receivables. The cash is placed with high credit quality financial institutions with a minimum short term Standard and Poor's credit rating of A-1. In the normal course of its business, the Group incurs credit risk from receivables and transactions with financial institutions. The maximum credit risk is the carrying amounts of trade receivables of $26,000 which $24,000 have an ageing duration of less than 6 months and no defaults - (2017 $189,000) – see Note 13.

The Group does not require any collateral or security to support financial instruments as it only deposits with, or loans to, banks and other financial institutions with high credit ratings. The Group does not expect the non-performance of any obligations at balance date.

### Currency Risk

Exposure to currency risk arises in the normal course of the Group's business. The Group monitors exchange rate movements in foreign currencies and will take any action necessary to reduce currency risks where possible.

### Liquidity Risk

The Group manages its liquidity risk by maintaining availability of sufficient cash and funding via adequate credit and bank facilities. Owing to the nature of the underlying business, the Group aims to maintain funding flexibility through committed credit lines. The Group manages liquidity risk by monitoring actual and forecast cash flows on a regular basis and rearranging banking and credit facilities where appropriate.

The table below analyses the Group's non derivative financial liabilities into maturity groupings based on the remaining period from balance date to the contractual maturity date if applicable. The amounts disclosed are the contractual undiscounted cash flows.

| **GROUP** | **Current** | **Current** | **Non-Current** | **Total** |
|---|---|---|---|---|
| | **Within 6 months** | **6-12 months** | **1 to 5 years** | |
| | **$000** | **$000** | **$000** | **$000** |
| Interest bearing loans | - | 188 | 596 | 784 |
| Payables and accruals | 261 | - | - | 261 |
| **Total** | **261** | **188** | **596** | **1,045** |

## 24. Segmental Reporting

The Group primarily derives its revenue from the sale of two products, with all revenue and assets accounted for in New Zealand. The Group has a wide range of customers with no single customer contributing more than 10% of the Group's revenue. It only has one operating segment which has been determined and based on financial information that is regularly reviewed by senior management.

NZ IFRS 8 Operating Segments: permits the aggregation of operating segments into reportable segments. This has been adopted as the Group has only one operating segment with similar economic characteristics being the production processes, customers and distribution channels for its product. Based on this analysis, no additional disclosure is required in the annual financial statements as the Group has one reportable segment.

### 25. Reconciliation of Cash Flows from Operating Activities

| **GROUP** | **2018<br>$000** | **2017<br>$000** |
|---|---|---|
| **NET (LOSS) for the year** | (2,412) | (859) |
| **Adjustments for non-cash items:** | | |
| -Amortisation | 17 | 21 |
| -Depreciation | 11 | 2 |
| -Foreign exchange differences | 5 | (17) |
| -Impairment intangible assets | 104 | - |
| -Share based payment benefits | 17 | 43 |
| **Net changes in working capital:** | | |
| Change in inventories | 360 | (572) |
| Change in payables and accruals | (68) | (154) |
| Change in receivables, GST and prepayments | 167 | 11 |
| **NET CASH FROM OPERATING ACTIVITIES** | **(1,799)** | **(1,526)** |

## 26. Reconciliation of Cash Flows from Financing Activities

The movement in loan liabilities to 31 December 2018 and the effect of non-cash transactions arising from financing these cash flow activities is shown below.

| **GROUP** | **2018 $000** | **2017 $000** |
|---|---|---|
| **Loan** | | |
| At 1 January | 919 | 1,039 |
| Loan repayments | (135) | (120) |
| Non cash flows | | |
| **At 31 December** | **784** | **919** |

## 27. Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. Net debt includes borrowings less bank funds.

The group's capital management objectives are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group is maintaining its capital base by prudent spending on operations, research and development in order to generate new revenue streams and sales activity. The directors anticipate being able to raise additional equity funds as and when required - see Note 32(i).

The amount of capital, cash and net debt that the Group has for the year is summarised as follows:

| | **2018 $000** | **2017 $000** |
|---|---|---|
| **Total Equity** | 997 | 1,019 |
| Borrowings | (784) | (919) |
| Bank | 512 | 324 |
| Net (debt) cash | (272) | (595) |

## 28. Contingent Liabilities

There were no contingent liabilities at year end (2017: $nil).

## 29. Operating Commitments

The group has the following operating commitments:

(i) Operating lease - the group leases office space under an operating lease. Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised in the determination of the operating result in equal instalments over the lease term.

| | **2018 $000** | **2017 $000** |
|---|---|---|
| Less than 1 year | 48 | 48 |
| Between 1 and 3 years | 23 | 71 |
| **Total** | **71** | **119** |

## 30. Capital Commitments

There are no capital commitments at 31 December 2018 (2017: $nil).

## 31. Auditor's Remuneration

Audit fees of $27,000 (2017 $26,000) were provided for the audit of the financial statements only. No other services were provided.

## 32. Events subsequent to balance date

### (i) New share capital

On 22 January 2019 the company's major shareholder, Brankin Family Interest Trust, advised that it wishes to exercise its right to subscribe for an additional 250 million shares at a price of $0.001 per share. This issue of additional shares was approved by a special meeting of shareholders on 4 December 2018. The 250 million shares represent shortfall shares not taken up by eligible shareholders in the rights issue that closed on 24 December 2018.

### (ii) Change of loan terms

The refinancing of the Wells Investment loan of $783,810 on 1 October 2018 went unconditional on 30 January 2019. The loan has no fixed repayment terms, and interest will be charged on the loan.

The loan was assigned to the Brankin Family Interest Trust on 1 October 2018. The trust is related to one of the directors, T.D Brankin. The Trust has confirmed it does not require repayment of this loan within a year of approval of these financial statements.

### (iii) Ministry of Health Prosecution

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

The company appeared in the District Court on 8 March 2019 and intends to defend these charges.

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

# SHAREHOLDER AND STATUTORY INFORMATION

## Stock Exchange Listing

The Company's fully paid ordinary shares are listed on the main board equity security market operated by NZX Limited under the call sign (PIL).

## Principal Ordinary Shareholders as at 19 March 2019

The following table lists the names and holdings of the 20 largest holding parcels of quoted ordinary shares of the Company as at 19 March 2019.

| Holder | Number Held | % Held |
|---|---|---|
| T.D. Brankin & M.J. Kirwin Lay | 853,804,210 | 44.89 |
| S.P Ward & J.P. Ward & J.M. Ward | 74,391,081 | 3.91 |
| J.M. O'Brien | 73,929,066 | 3.89 |
| S. Underwood | 60,775,560 | 3.2 |
| E.M.M. Johnson | 48,818,720 | 2.57 |
| E.M.M Johnson & K. Johnson & E. Wright | 44,570,320 | 2.34 |
| G.C. Royal | 43,508,830 | 2.29 |
| Tirol Nominees Limited | 29,083,413 | 1.53 |
| P. McVeigh | 28,589,017 | 1.5 |
| M.D. Priest | 26,836,315 | 1.41 |
| D.J. Robinson | 24,626,281 | 1.29 |
| ASB Nominees Limited | 18,000,000 | 0.95 |
| Bank Of America Merril Lynch International Dac | 12,854,532 | 0.68 |
| B.W.J Anderson | 12,750,000 | 0.67 |
| J.P. Ward | 12,351,498 | 0.65 |
| G.R. Wells | 11,915,613 | 0.63 |
| R.D. Angus | 11,847,545 | 0.62 |
| Central Nominees Limited | 11,314,238 | 0.59 |
| S. A. Armstrong | 10,020,779 | 0.53 |
| Templar Investments Limited | 8,400,000 | 0.44 |
| C.K. Mooi | 8,400,000 | 0.44 |
| **Top Twenty shareholders** | **1,426,787,018** | **75.02** |

## Total Shares on Issue

| | No Holders | Shares Held | % Held |
|---|---|---|---|
| Top 20 | 20 | 1,426,787,018 | 75.02 |
| Other Investors | 1,434 | 475,010,433 | 24.98 |
| **Total** | **1,454** | **1,901,797,451** | **100.00** |

## Spread of Ordinary Shareholders as at 19 March 2019

| Holding Range | No of Holders | Total Shares | % |
|---|---|---|---|
| 1-1,000 | 9 | 3,732 | 0.63 |
| 1,001-5000 | 348 | 1,084,578 | 23.93 |
| 5001-10,000 | 162 | 1,267,875 | 11.14 |
| 10,001 -50,000 | 340 | 8,814,513 | 23.38 |
| 50,001-100,000 | 141 | 10,695,636 | 9.70 |
| 100,001 or more | 454 | 1,879,931,117 | 31.22 |
| **Total** | **1,454** | **1,901,797,451** | **100.00** |

## Substantial Security Holders as at 19 March 2019

The Company's register of substantial security holders, prepared in accordance with section 35F of the Securities Markets Act 1988 disclosed the following information.

| Name | Class of Shares | No Shares | % Held |
|---|---|---|---|
| T.D. Brankin & M.J. Kirwin Lay | Ordinary | 853,804,210 | 44.89 |

## Directors' Security Holdings including beneficial interests as at 19 March 2019

| Name | | No Shares | % Held |
|---|---|---|---|
| T.D. Brankin | Director | 853,804,210 | 44.89 |
| S. Underwood | Director | 72,089,798 | 3.79 |
| M.D. Priest | Director | 26,836,315 | 1.41 |
| H. Down | Director | 500,000 | 0.00 |

The directors did not hold any shares in the capacity of non-beneficiaries or associates.

## Particulars of Directors' Share Transactions in Promisia Integrative Limited

### Dealing in Securities

The following table shows transactions recorded in respect of those securities during the year 1 January 2018 to 31 December 2018.

| Director | Date of transaction | No of shares purchased/(sold) | Cost $ |
|---|---|---|---|
| T.D. Brankin – Placement | 16 January 2018 | 5,000,000 | $100,000 |
| T.D. Brankin – Renounceable rights issue | 31 December 2018 | 800,000,000 | $800,000 |
| H. Down - Placement | 16 January 2018 | 500,000 | $10,000 |
| M. D. Priest – Placement | 16 January 2018 | 1,000,000 | $20,000 |
| M. D. Priest – Renounceable rights issue | 31 December 2018 | 20,000,000 | $20,000 |
| S. Underwood – Placement | 16 January 2018 | 1,500,000 | $30,000 |
| S. Underwood – Renounceable rights issue | 31 December 2018 | 51,870,000 | $51,870 |

## Share Transactions and Holdings

The share transactions effected by various directors are recorded in the Interests Register as set out above and their holdings are shown on page 40.

## Directors' Remuneration and Other Benefits

The names of the directors of the Company at 31 December 2018 and the details of their remuneration and the value of other benefits received for services to Promisia Integrative Limited for the year ended on that date are:

## Director Nature of Remuneration

| | | |
|---|---|---|
| **S. Underwood** | $49,000 | Director's fee |
| **M.D. Priest** | $17,000 | Director's fee |
| **T.D. Brankin** | $17,000 | Director's fee |
| **H. Down** | $17,000 | Director's fee |

Share options have been provided to the Directors as set out in note 21 2(c).

## Employee Remuneration

There was only one employee, or former employee, who received remuneration and other benefits valued at or exceeding $100,000 during the year to 31 December 2018, that being in the range of  $240,000 to $250,000.

## Entries in the Interests Register

The Company has an Interests Register which records various disclosures as required by the Companies Act 1993 and in accordance with good governance practice.

## Other Directorships or Trusteeships

The following represents the interests of directors in other companies or trustees of organisations as disclosed to the Company and entered into the Interests Register. The designation ** indicates the director also holds an equity interest in the company.

### Stephen Underwood

Promisia Integrative Limited – Group, Central Nominees Limited**, Central Securities Limited**, Decisive Securities Limited**, Insolvency Associates Limited, Normandy Holdings Limited**, Nalokua Holdings Limited**, Panama Direct Limited**, Renouf Corporation Limited**, The Renouf Quay Company Limited**, Tuff Lite Limited, Benefit Arthritis Limited.

### Duncan Priest

Promisia Integrative Limited - Group, Trans- Tasman Resources Limited**.

### Thomas Brankin

Promisia Integrative Limited – Group, Eileen Mary Age Care Limited**, Eileen Mary Age Care Property Limited**, i.Agri Limited**, OTB Property Limited**, Ranfurly Manor Limited**, Ranfurly Manor No.1 Limited**, Design Care Group Limited**, Benefit Arthritis Limited.*

### Helen Down

Promisia Integrative Limited - Group, Advisory Boards New Zealand Limited**, Synthesis Marketing Limited**.

## Auditors' Remuneration

Audit fees of $26,000 (2017: $26,000) are payable to the auditors for the audit of the statutory financial statements only.

## Donations

There were no donations made during the year ended 31 December 2018 (2017: $nil) by the Company or any if its subsidiaries.

## Information Used by Directors

There were no notices from Directors of the Group or any of its subsidiaries requesting to use company information received in their capacity as a director which would not otherwise have been available to them.

## Takeovers Panel Disclosures

The following information is required to be included in the 2018 Annual Report of the company as a condition of an Exemption Notice, Takeovers Code (Promisia Integrative Limited) Exemption Notice 2018 (Exemption Notice), issued pursuant to section 45 of the Takeovers Act 1993, by the Takeovers Panel.

The Exemption Notice was issued by the Takeovers Panel on 29 November 2018.

### Annual Report Requirements

### 1. Share Put Option

At a meeting of shareholders held on 4 December 2018 (Meeting) shareholders approved a resolution authorising Thomas David Brankin and Michael John Kirwan Lay as trustees of the Brankin Family Interest Trust (Brankin Trust) to acquire up to 39,027,368 shares from Mr G R Wells and Wells Investments Ltd (Wells) under a put option agreement (Put Option) between the parties. Mr. Brankin is a director of the company. The Put Option agreement had two exercise dates when Wells could require Brankin Trust, to acquire the said shares. The two exercise dates are 30 January 2019 (at $0.006 per share) and 30 September 2020 (at $0.009 per share).

Wells did not exercise the Put Option on 30 January 2019.

### 2. Summary of terms and conditions of the Exemption Notice

The Exemption Notice provided exemptions for:

a) the Brankin Trust from rule 7(c) of the Takeovers Code in respect of any increase in its voting control resulting from its acquisition of voting securities under the Put Option; and

b) the company from rule 15(b) of the Takeovers Code, but only to the extent that the rule requires the notice of meeting to contain, or be accompanied by, particulars of voting securities to be acquired under the Put Option.

The exemptions were granted on various conditions, including that:

a) this annual report includes these disclosures.

b) information regarding the Exemption Notice and any 1% movements in the voting securities held by the Brankin Trust are disclosed on the company website (see www.promisia.com).

c) the notice of Meeting contained certain disclosures and information. The Notice of Meeting was released to the market on 16 November 2018 and can be viewed on the NZX website at www.nzx.com.

## 3. Voting Securities of Brankin Trust

As at 31 December 2018 (the Calculation Date) the Company had 1,901,797,451 ordinary shares on issue and the company had no voting securities on issue other than its ordinary shares.

As at the Calculation Date the Brankin Trust holdings of voting securities are disclosed as follows:

| | |
|---|---|
| Number of voting securities acquired by the Brankin Trust under the Put Option: | Nil. |
| Number of voting securities on issue that are held or controlled by the Brankin Trust and the percentage of all voting securities on issue that that number represents: | 853,804,210 ordinary shares are held or controlled by Brankin Trust representing 44.89% of all ordinary shares on issue. |
| The aggregate of the percentages of all voting securities on issue that are held or controlled by the Brankin Trust and their associates: | 44.89% |
| The maximum percentage of all voting securities that could be held or controlled by the Brankin Trust if they acquire all shares under the Put Option: | 46.95%* |
| The maximum aggregate of the percentages of all voting securities that could be held or controlled by the Brankin Trust and its associates if they acquire the approved maximum number of voting securities under the Put Option: | 46.95%* |

* The assumptions on which these percentages are based are that:

a) the Brankin Trust acquires all of the voting securities that are subject to the Put Option.

b) from the Calculation Date until all voting securities are acquired under the Put Option the company does not issue any other voting securities.

c) the Brankin Trust does not dispose of or acquire any voting securities in the Company prior to all of the voting securities being acquired under the Put Option.

d) the Brankin Trust does not take up its right under an underwriting agreement to subscribe for 250,000,000 ordinary shares. The Brankin Trust did however take up this right in January 2019 (i.e. subsequent to the Calculation Date). This has the effect of increasing these percentages to 53.11%.

# CORPORATE DIRECTORY AND OTHER INFORMATION

## Registered office and address for service

Level 4, 22 Panama Street
Wellington 6011

P O Box 25-396
Wellington 6146

Telephone: +64 4 4995563
Mobile: +64 22 0430634
Facsimile: +64 4 8318688
Email: accounts@promisia.com
**Website: http://arthrem.co.nz/ or http://promisia.com/**

## Directors

**Stephen Underwood,**
Chairman

**Duncan Priest**

**Thomas Brankin**

**Helen Down**

## Auditor

William Buck
Level 4, 21 Queens Street
Auckland 1010

## Share Registrar

Link Market Services
Level 7, Zurich House, 21 Queen St Street
P O Box 91976, Auckland 1142

Telephone: +64 9 375 5998
Facsimile: +64 9 375 5990
Email: enquiries@linkmarketservices.co.nz

## Bankers

Kiwibank

## Solicitors

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

## Company publications

The Company seeks to inform investors regarding its business operations through issuing an Annual Report, an Interim Report and Newsletters as is appropriate.

## Financial Calendar

| | |
|---|---|
| Half year results announced | August |
| Half year report | September |
| End of financial year | 31 December |
| Annual results announced | February |
| Annual report | March |

## Enquiries

Shareholders with enquiries about transactions, change of address or dividend payments should contact Link Market Services on **+64 9 375 5998** or 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 PIL. The minimum parcel on the NZX is 50 shares.