Promisia Integrative Limited

Reconciliation of non-GAAP to GAAP information, and supplementary financial information

A. Financial Information

Promisia Integrative Limited ("**Promisia**") is producer of a natural dietary supplement and is listed on the NZX Main Board. Promisia has been actively seeking a high quality acquisition opportunity to present to its shareholders. On 19 December 2019 Promisia announced that it had entered into an agreement to acquire three aged care facilities and a lease, with an option to buy, on a property that it intends to operate as an aged care facility (the "**Acquisition**").

This document contains consolidated financial statements for the years ending 31 March 2018, 31 March 2019, and 31 March 2020 to support selected financial information included in the NZX Listing Profile.

1. Introduction

The consolidated financial statements of Promisia comprise the following Financial Information:

— consolidated statement of comprehensive income;

— consolidated statement of financial position;

— consolidated statement of changes in equity;

— consolidated statement of cash flows;

— basis of preparation and significant accounting policies;

The information in this section provides key financial information about PIL. Full financial statements are available on PIL's website (www.promisia.com). If you do not understand this financial information, you should seek advice from a financial adviser or an accountant.

No prospective financial information

There is no prospective financial information (**PFI**) in this Profile. The Board has, following careful consideration and after due enquiry, concluded that the provision of PFI for accounting periods subsequent to 31 March 2020, may be misleading for potential investors with regard to particulars that are material to the Proposed Transaction. The Directors believe that it is not practicable to formulate reasonable assumptions on which to base prospective financial statements.

The Board's reasons for this opinion are as follows:

- The uncertainty of the economic and financial environment associated with the COVID-19 pandemic renders any forecasts unreliable. Please see the risks and key information summary sections of this Profile and specifically the risk in respect of COVID-19.

- PIL's immediate growth strategy includes the establishment of the Aldwins Facility. On the commencement of businesses operations, PIL will start to incur operational expenses as it seeks to attract residents. While PIL considers there will be resident demand for Aldwins House, there is uncertainty (including from COVID-19) as to how soon the facility may be populated;

- PIL's key growth strategy also includes the acquisition and development of other aged care facilities in New Zealand. These acquisitions will not only create transaction costs but will also incorporate the financial positions of newly acquired businesses into the group structure which would substantially alter the PFI.

Given the inability to reliably determine reasonable assumptions for the periods that would be covered by the PFI, the Board is of the view that prospective financial statements may be misleading for potential investors in a material manner because actual operating revenue or expenditure for that period could be materially different from that forecast.

In addition, the asset and liabilities not being acquired as part of the proposed transaction have been adjusted for in the consolidated financial statements as at 31 March 2020.

Capitalised terms used but not otherwise defined in this document have the same meaning as the defined term presented in the NZX Listing Profile on Promisia's aged care business dated 15 May 2020 ("the **Profile**").

The information and proforma financial statements for the three years ended 31 March 2020 contained in this document should be read in conjunction with the Profile and other information presented on the Promisia website, http://www.promisia.com.

2. Basis of Preparation

The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows cover the years ending 31 March 2018, 2019 and 2020.

The basis of preparation of this supplementary financial information uses both audited and unaudited financial statements as follows:

- Promisia Integrative Limited have prepared audited financial statements in accordance with GAAP and which is the New Zealand equivalent of International Financial Reporting Standards (NZIFRS). They also comply with International Financial Reporting Standards.
- Eileen Mary Aged Care Property Limited and Ranfurly Manor No: 1 Limited have prepared audited financial statements in accordance with GAAP and in compliance with tier 2 for-profit accounting standards (NZ IFRS RDR "Reduced Disclosure Regime").
- Eileen Mary Holdings Limited, Ranfurly Manor Holdings Limited, Design Care Group Limited and Aldwins House Limited have prepared unaudited special purpose financial statements in accordance with the special purpose framework for use by for-profit entities as published by the New Zealand Institute of Chartered Accountants. The above financial statements have been adjusted to general purpose financial statements under GAAP and in line with the appropriate NZ accounting standards.

  Prior to the completion of the Acquisition, Design Care Group Limited will sell its business and assets to Nelson St Resthome Limited, Ranfurly Manor Holdings Limited will sell its business and assets to Ranfurly Manor Limited, Eileen Mary Holdings Limited will sell its business and assets to Eileen Mary Aged Care Limited.

3. Significant accounting policies

The significant accounting policies applied in preparing the financial information are the same as the accounting policies as set out in the audited financial statements for Promisia for the year ended 31 December 2019; the audited statements financial statements for Eileen Mary Aged Care Property Limited and Ranfurly Manor No 1 Limited for the year ended 31 March 2020 and the unaudited financial statements for Design Care Group Limited, Eileen Mary Holdings Limited, Ranfurly Manor Holdings Limited, and Aldwins House Limited for the year ended 31 March 2020, ("the Brankin Companies").

Prior to the Proposed Transaction, the entities prepared their financial statements using the following frameworks:

— Promisia has prepared audited financial statements in accordance with generally accepted accounting practice in New Zealand ("GAAP") which is the New Zealand equivalent to International Financial Reporting Standards (NZIFRS). They also comply with International Financial Reporting Standards.

— Eileen Mary Aged Care Property Limited and Ranfurly Manor No: 1 Limited have prepared audited financial statements in accordance with GAAP and in compliance with tier 2 for-profit accounting standards (NZ IFRS RDR "Reduced Disclosure Regime").

— Eileen Mary Holdings Limited, Ranfurly Manor Holdings Limited, Design Care Group Limited and Aldwins House Limited have prepared unaudited special purpose financial statements in accordance with the special purpose framework for use by for-profit entities as published by the New Zealand Institute of Chartered Accountants.

The above financial statements have been adjusted to general purpose financial statements under GAAP and in line with the appropriate NZ accounting standards. The impact on these financial statements is detailed in Table 2.1.

The above financial statements are included on the Promisia website.

3.1 Acquisition method of accounting for common control business combinations

The financial information incorporates the financial statements of the combining businesses under common control from acquisition date.

The net assets of the combining businesses are combined using the existing book values (predecessor book values) from the controlling parties' perspective (and not adjusted to fair value upon combining). No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control. Any difference between the cost of investment recognised by the controlling entity and the existing book value of the net assets of the combining businesses on acquisition date results in the recognition of a merger reserve.

The merger reserve is released to profit and loss when there is a disposal or impairment charge or amortisation charge posted in respect of the investment that created it.

4. Financial performance

4.1.1 Revenue

Revenue			
$'000	Pro-forma	Pro-forma	Pro-forma
Financial year ended 31 March	FY18	FY19	FY20
	Historical	Historical	Historical
Revenue			
Rest home/Hospital beds	6,945	6,975	7,675
Care and other fees from ORA occupants	3,057	3,309	3,134
Dementia beds	1,342	1,342	1,201
Occupancy amortisation	837	855	804
Fair value movement	556	(599)	0
Other income	504	266	196
Total revenue	**13,242**	**12,149**	**13,010**
% Total revenue			
Rest home/Hospital beds	52%	57%	59%
Care and other fees from ORA occupants	23%	27%	24%
Dementia beds	10%	11%	9%
Occupancy amortisation	6%	7%	6%
Fair value movement	4%	-5%	0%
Other income	4%	2%	2%
Total Revenue	**100%**	**100%**	**100%**
% Movement in Revenue			
Rest home/Hospital beds	na	0.44%	10.03%
Care and other fees from ORA occupants	na	8.24%	-5.30%
Dementia beds	na	0.00%	-10.54%
Occupancy amortisation	na	2.16%	-5.96%
Fair value movement	na	-207.74%	0.00%
Other income	na	-47.28%	-26.36%
% Movement in Total Revenue	**na**	**-8.25%**	**7.09%**

Promisia generates its revenue from six main sources: rest home and hospital charges, care and other fees paid by Occupational Rights Agreement (ORA) occupants, provision of dementia care, amortization of Occupational Rights Agreements, fair value movement, and other income.

Rest home and hospital charges and dementia care fees are paid either by the Ministry of Health or by individuals who do not qualify for Ministry of Health subsidies. The Ministry of Health generates approximately 66% of income in these categories with the balance paid by individuals and their families. The Ministry of Health, via the District Health Boards (DHBs), pays a per diem rate, which is paid every fortnight. Private residents are invoiced monthly. The daily rates payable by the DHBs are negotiated annually to reflect cost changes in the sector.

In addition to the daily rate paid by the DHB, some residents, or their families, pay a premium over and above the amount paid by the DHB. The premium may represent a larger room or the provision of additional facilities or services that are not covered by the basic service paid for by the DHB.

Care and other fees paid by ORA occupants include property maintenance cost recoveries and the provision of meals and cleaning services where requested and, in some cases, full care. These occupants may be living in ORA units within a rest/hospital facility.

Amortisation of Occupancy Rights Agreements is calculated on a straight-line basis over the expected period of occupancy. This requires management in conjunction with a valuer to estimate a period of occupancy based on historical and past experience of occupancy periods for independent living units and serviced apartments.

Fair value movement represents the increase in the value of the properties and must be accrued as income under IFRS rules.

Other income includes respite care, interest received and sundry income.

4.2.1. Operating Costs

Total expenses comprise Direct Costs and Overheads as detailed in the table below.

Operating expenses			
$'000	Pro-forma	Pro-forma	Pro-forma
Financial year ended 31 March	FY18	FY19	FY20
	Historical	Historical	Historical
Direct Costs	(9,384)	(9,212)	(9,573)
Overheads	(1,013)	(1,615)	(2,099)
Total Operating Costs	**(10,397)**	**(10,827)**	**(11,672)**

4.2.2 Direct Costs

Direct costs include, staff costs, food, cleaning and laundry, light, heat, and power, medical and clinical services and products required in facilities of this nature. For the purposes of the PFI, direct costs have been calculated predominantly on the basis of a percentage of revenues with reference to recent trading performance. In some instances, direct costs have fixed cost components such as equipment leases.

Direct costs			
	Proforma	Proforma	Proforma
	FY18	FY19	FY20
	Historical	Historical	Historical
Direct Costs	(9,384)	(9,212)	(9,573)
Gross Profit	3,858	2,937	3,436
%Gross Profit/revenue	29.1%	24.2%	26.4%

Direct costs			
$'000	**Proforma**	**Proforma**	**Proforma**
Financial year ended 31 March	**FY18**	**FY19**	**FY20**
	Historical	**Historical**	**Historical**
Cleaning & Laundry	(151)	(144)	(131)
Food	(502)	(561)	(580)
Incontinence Products	(56)	(30)	(42)
Light, Power & Heating	(249)	(238)	(212)
Medication & Clinical	(404)	(426)	(420)
Wages	(8,021)	(7,813)	(8,189)
Total Direct costs	(9,384)	(9,212)	(9,573)

4.2.3 Overheads

Overheads			
$'000	**Proforma**	**Proforma**	**Proforma**
Financial year ended 31 March	**FY18**	**FY19**	**FY20**
	Historical	**Historical**	**Historical**
Administration	(585)	(994)	(944)
Rent & Rates	(107)	(220)	(157)
Repairs & Maintenance	(175)	(195)	(195)
Other	(146)	(206)	(802)
Total Overheads	**(1,013)**	**(1,615)**	**(2,098)**

Overhead expenses include administration, communication costs, occupancy, operations and salaries and wages.

4.2.4 Advisor costs, share based payments and other

One – off adviser costs and fees relating to the Proposed Transaction, including legal and financial advisers, capital raising costs, and fees and charges by market regulators are expected to total $600,000. These costs will be paid at the completion of the transaction and have been excluded from the pro forma financial information. The majority of these costs will be expensed for NZ IFRS financial reporting purposes.

There are no share-based payments.

4.2.5 Depreciation, amortisation and capital expenditure

Depreciation and amortisation in the period have been calculated based on the prevailing rates of depreciation and amortisation applied by Promisia.

Depreciation rates adopted in the periods are based on an assessment of the useful lives of assets and are not expected to change in the period.

Promisia's capital expenditure, depreciation and amortisation expense is shown in the table below.

Capital and lease hold expenditure, depreciation and amortisiation			
$'000	**Proforma**	**Proforma**	**Proforma**
Financial year ended 31 March	**FY18**	**FY19**	**FY20**
	Historical	**Historical**	**Historical**
Capital expenditure and disposals			
Net additions	-	31	263
Depreciation and amortisation			
Depreciation	(249)	(202)	(167)
Amortisation	-	-	-
Total Depreciation and amortisation	(249)	(202)	(167)

4.2.6 Dividends

The payment of dividends and other distributions are made solely at the Board's discretion and depends on Promisia's financial performance. The payment of dividends is not guaranteed, and Promisia's dividend policy may change in the future. When declaring dividends, Promisia must comply with the solvency test under the Companies Act 1993 and the covenants in its banking facilities.

Dividends are expected to be declared and paid based on a targeted dividend pay-out ratio of 50% of Net Profit After Tax ("**NPAT**") less repayment of bank debt as set out in the financial covenants.

Promisia anticipates dividends will be fully imputed.

Factors which are expected to influence or affect the Board's decision to pay dividends over time are set out in Section 3 of the Profile.

4.2.7 Working Capital

Working Capital			
$'000	Pro-forma	Pro-forma	Pro-forma
Financial year ended 31 March	FY18	FY19	FY20
	Historical	Historical	Historical
Trade and other receivables	1,020	554	(100)
Other current assets	-	-	-
Total	1,020	554	(100)
Trade payables	713	618	425
Other current liabilities	254	192	15
Total	967	810	440
Net Working Capital	**53**	**(256)**	**(540)**

Since 2018 Promisia has operated with a negative working capital balance. This was mainly due to Promisia's Arthrem business being seriously damaged and reduced by a Ministry of Health alert, charging the company for breaching the Medicines Act. The company intends to defend these charges and after a considerable review of Promisia's current business situation, the directors of Promisia have decided to exit this business and focus on managing aged care facilities in the future. This will have the financial impact of improving Promisia's profitability and working capital resources.

Promisia management believe that Promisia has sufficient working capital and bank facilities to carry out its stated objectives.

4.2.8 Acquisition accounting

Promisia has undertaken a purchase price allocation exercise for the purpose of establishing the fair value of the land & buildings (''property assets") acquired as part of the Brankin Companies acquisitions. Promisia has reviewed the property revaluations acquired to fair value. In undertaking the purchase price allocation Promisia sought independent valuation advice with respect to the market value of the properties. Deferred tax assets and goodwill have also been recognised at acquisition as a result of the acquisition of the Brankin companies.

4.2.9 Deferred consideration payments

There is no deferred consideration

4.2.10 Share price on completion and implied market capitalisation

The share price on completion of the Proposed Transaction is estimated to be $0.001 per share.

There are currently 2,151,797,451 shares on issue. The Proposed Transaction will result in the issue of 8,000,000,000 (8 billion) shares to Brankin Trust and up to 8,000,000,000 (8 billion) shares in a placement to wholesale and qualifying investors. If the maximum number of shares are issued in the placement then the company will have 18,151,797,451 shares on issue which implies a market capitalisation of approximately $18.15 million post completion of the Proposed Transaction.

5. Financial Statements

5.1 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income			
$'000	Pro-forma	Pro-forma	Pro-forma
Financial year ended 31 March	FY18F	FY19F	FY20
Revenue	11,849	11,893	12,206
Other Income	837	855	804
Fair Value Movement	556	(599)	-
Total Income	**13,242**	**12,149**	**13,010**
Operating Expenses	(10,397)	(10,827)	(11,672)
Finance Costs	(838)	(935)	(916)
Depreciation/Amortisation Expenses	(249)	(202)	(167)
Total Expenses	**(11,484)**	**(11,963)**	**(12,755)**
Profit before Income Tax	**1,758**	**186**	**255**
Income Tax Expense	(368)	(410)	(480)
Profit/(Loss) from Continuing Operations	**1,389**	**(224)**	**(225)**

The net profit is all allocated to company shareholders

Important note

Reference should be made to Appendix B which sets out a more meaningful analysis of the consolidated statement of comprehensive income by each entity,

Calculation of Consolidated EBITDA			
$'000	Pro-forma	Pro-forma	Pro-forma
Financial year ended 31 March	FY18	FY19	FY20F
Profit/(Loss) for the year	**1,389**	**(224)**	**(225)**
Income Tax Expense	368	410	480
Finance Costs	838	935	916
Depreciation/Amortisation Expenses	249	202	167
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	**2,845**	**1,322**	**1,338**

The consolidated statements of financial position should be read in conjunction with the notes to the consolidated financial statements in sections 1, 2, 3, 4 and 5 above.

5.2. Consolidated statement of financial position

Consolidated statement of financial position	
$'000	Pro-forma
Financial year ended 31 March	FY20
Assets	
Non-Current Assets	
Property, plant & equipment	53,634
Total Non-Current Assets	**53,634**
Current Assets	
Cash and Cash Equivalents	-
Trade and Other Receivables	229
Total Current Assets	**229**
Total Assets	**53,864**
Equity	
Retained Earnings & Share Capital	18,632
Total Equity	**18,632**
Liabilities	
Non-Current Liabilities	
Occupation Rights Agreements	9,625
Term Debt	11,646
Non-Current Liabilities	**21,271**
Current Liabilities	
Bank overdraft	691
Trade & Other Creditors	426
Taxation & GST	162
Revenue in Advance	919
Employee Entitlements	19
Leasehold Liability	11,742
Current Liabilities	**13,960**
Total Liabilities	**35,232**
Net Equity & Liabilities	**53,864**

Note (1) The consolidated financial statements exclude assets and liabilities not being acquired as part of the acquisition of the Brankin Group entities.

Note (2) Employee entitlements and provisions relate primarily to holiday pay provisions.

Note (3) Deferred Tax Asset relates to the differential between the accounting and tax recognition of annual leave provisions.

5.3 Consolidated statement of change in equity

Consolidated statement of changes in equity	
$'000	**Pro-forma**
Financial year ended 31 March	**FY20**
Opening Balance	21,875
Issuance of Shares	-
Assets/liabilities not acquired /other movements	(3,018)
Total Profit/(Loss) for the year	(225)
Closing Balance	**18,632**

Equity breakdown by component	
$'000	**Pro-forma**
Financial year ended 31 March	**FY20F**
	Historical
Share Capital	58,526
Retained Earnings	(39,894)
	-
Total Equity	**18,632**

5.4 Consolidated statement of cash flows

Consolidated statement of cash flows	
$'000	**Pro-forma**
Financial year ended 31 March	**FY20**
Cashflows from Operating Activities	
EBITDA (excluding non cash items)	534
Interest Paid	(916)
Income Taxes Paid	(281)
Change in Working Capital	685
Cost advisors - one off costs	279
Sale/(Purchase) of Occupation Rights Agreements	915
Net Cashflow from Operating Activities	**1,215**
Cashflows from Investing Activities	
Capital Expenditure	(646)
Net Cashflow from Investing Activities	**(646)**
Cashflows from Financing Activities	
Term debt	225
Drawdown of Vendor Loan	(687)
Net Cashflow from Financing Activities	**(462)**
Cash and Cash Equivalents at the beginning of the year	(799)
Net Increase/(Decrease) in Cash and Cash Equivalents	108
Cash and Cash Equivalents	(691)

B. Reconciliation of non – GAAP to GAAP information

This section contains reconciliations between the non-GAAP financial information contained in the Profile with the GAAP financial information. The reconciliations contained within this section are as follows:

1. Reconciliation of Non-GAAP to GAAP information – FY19

1.1 Promisia Integrative Limited – “PIL”

1.2 Brankin Companies

1.3 Promisia Group

2. Reconciliation of Non-GAAP to GAAP information – FY20

2.1 Promisia Integrative Limited – “PIL”

2.2 Brankin Companies

2.1 Promisia Group

1. Reconciliation of GAAP to GAAP information – FY 2019

This section contains reconciliation between the non-GAAP financial information contained in the profile with the GAAP financial information for Promisia for the FY 2019 period.

1.1	Promisia Integrative Limited "PIL"	31 March 2019				
	"$000"	Audited	Eliminate			PIL
	(unless otherwise indicated)	Financial	PIL			Proforma
		Statements	Existing			
		31-Dec-18	Business			
			Note 1			
	Revenue	741	(741)			0
	Expenses	(3,084)	2,469			(615)
	EBITDA	(2,343)	1,728			(615)
	Depreciation	(11)	11			-
	Amortisation	(17)	17			-
	Net Finance Costs	(41)	0			(41)
	Operating Surplus Before Income Tax	(2,412)	1,756		-	(656)
						0
	Profit Before Income Tax	(2,412)	1,756		-	(656)
	Income Tax	-	-		-	-
	(Loss) for the year	(2,412)	1,756			(656)
	Total assets	1,851				1,851
	Cash and cash equivalents	512				512
	Total liabilities	(1,053)				(1,053)
	Total debt	(784)				(784)
	Net cash flows from operating activities	-				-
	Note 1: Removal of operating results relating to the Arthrem business which PIL has ceased operations in.					

1.2	Brankin Companies Proforma	31 March 2019				
			Proforma adjustments			
	"$000" (unless otherwise indicated)	Brankin Financial Statements 31-Mar-19	Allow for Holiday pay provision	Allow for Deferred Tax		Brankin Companies Proforma
		Note 1	Note 2	Note 3		
	Revenue	12,149	-	-		12,149
	Expenses	(10,162)	(50)	-		(10,212)
	EBITDA	1,986	(50)			1,936
	Depreciation	(202)	-	-		(202)
	Amortisation	-	-	-		-
	Net Finance Costs	(894)	-	-		(894)
	Operating Surplus Before Income Tax	891	(50)	-		841
	Profit Before Income Tax	891	(50)	-		841
	Income Tax	(429)	-	19		(410)
	Profit for the Year	462	(50)	19		431
	Total assets	51,530	-	19		51,549
	Cash and cash equivalents	(799)	-	-		(799)
	Total liabilities	(28,959)	(50)	-		(29,009)
	Total debt	(16,447)	-	-		(16,447)
	Net cash flows from operating activities	1,087	-	-		1,087

Note 1: See Brankin Group Companies audited and unaudited financial statements for the year ended 31 March 2019.
The unaudited financial statements were special purpose financial statements.
Note 2: To recognise holiday pay provision not previously recognised.
Note 3: To recognise deferred tax as required under IFRS standards on the holiday pay provision not previously recognised.

1.3	PIL Brankin Group	31 March 2019		
	"$000"	PIL	Brankin	PIL
	(unless otherwise indicated)	Proforma	Proforma	Proforma
		Note 1	Note 2	
	Revenue	0	12,149	12,149
	Expenses	(615)	(10,212)	(10,827)
	EBITDA	(615)	1,936	1,322
	Depreciation	-	(202)	(202)
	Amortisation	-	-	-
	Net Finance Costs	(41)	(894)	(935)
	Operating Surplus Before Income Tax	(656)	841	185
	Loss on Revaluation of Property	-	-	-
	Profit (Loss) Before Income Tax	(656)	841	185
	Income Tax	-	(410)	(410)
	Profit (Loss) for the Year	(656)	431	(225)
	Total assets	1,851	51,549	53,400
	Cash and cash equivalents	512	(799)	(287)
	Total liabilities	(1,053)	(29,009)	(30,062)
	Total debt	(784)	(16,447)	(17,231)
	Net cash flows from operating activities	-	1,087	1,087

Note 1: See reconciliation for PIL proforma Information in Table 1.1

Note 2: See reconciliation for Brankin Companies proforma Information in Table 1.2

2. Reconciliation of GAAP to GAAP information – FY 2020

This section contains reconciliation between the non-GAAP financial information contained in the profile with the GAAP financial information for Promisia for the FY2020 period.

2.1	Promisia Integrative Limited	31 March 2020				
			Proforma Adjustments			
	"$000"	PIL				PIL
	(unless otherwise indicated)	Unaudited	Allow	Eliminate		Proforma
		Financial	for 3 months	PIL		
		Statements	trading	Existing		
		31-Dec-19	31-Mar-20	Business		
		Note 1	Note 2	Note 3		
	Revenue	192	-	(192)		(0)
	Expenses	(2,525)	(480)	1,992	-	(1,013)
	EBITDA	(2,333)	(480)	1,800	-	(1,013)
	Depreciation	(9)	-	9		-
	Amortisation	(2)	-	2		-
	Net Finance Costs	(48)	(14)	-		(61)
	Operating Surplus Before Income Tax	(2,391)	(494)	1,811	-	(1,074)
	Loss on Revaluation of Property					
	Profit Before Income Tax	(2,391)	(494)	1,811	-	(1,074)
	Income Tax					
	Profit for the Year	(2,391)	(494)	1,811	-	(1,074)
	Total assets	79	-			79
	Cash and cash equivalents	21	-			21
	Total liabilities	(1,424)	(494)			(1,917)
	Total debt	(841)	-			(841)
	Net cash flows from operating activities	-	-			-

Note 1: Annual audited PIL financial statements to 31 December 2019.

Note 2: Annual audited PIL financial statements adjusted to include 3 months of operating expenses to 31 March 2020 prepared in accordance with FRS - 42.

Note 3: Removal of operating results relating to the Arthrem business which PIL has ceased all operations in.

2.2	Brankin Proforma	31 March 2020				
			Proforma Adjustments			
	"$000"	Brankin	Remove	Recognition		Brankin
	(unless otherwise indicated)	Financial	Assets &	Lease		Companies
		Statements	Liabilities			Proforma
		Note 1	Note 2	Note 3		
	Revenue	13,010	-			13,010
	Expenses	(10,659)	-			(10,659)
	EBITDA	2,351	-			2,351
	Depreciation	(167)				(167)
	Amortisation	0				0
	Net Finance Costs	(855)				(855)
	Operating Surplus Before Income Tax	1,329	-			1,329
	Loss on Revaluation of Property					
	Profit Before Income Tax	1,329	-			1,329
	Income Tax	(480)	-			(480)
	Profit for the year	849	-			849
	Total assets	53,681	(11,638)	11,742		53,785
	Cash and cash equivalents	(712)	-	-		(712)
	Total liabilities	(29,852)	8,280	(11,742)		(33,315)
	Total debt	(16,332)	5,526	-		(10,806)
	Net cash flows from operating activities	1,209	-			1,209

Note 1: See Brankin Group Companies audited and unaudited financial statements for the year ended 31 March 2020.

Some of the Brankin Group companies had financial statements prepared under the special purpose financial statement framework which were adjusted to GAAP.

Note 2: Adjustments required to remove assets and liabilities not being acquired as part of the acquisition of shares in the Brankin Group Companies.

Note 3 : To record the lease of the aged care facility from Aldwins House Road Limited. The financial statements for Aldwins House Limited for the period ended 31 March 2020 were prepared under the special purpose financial statements framework which were adjusted to GAAP and in particular to account for IFRS 16 (leases).

2.3	PIL Brankin Group	31 March 2020			
			Proforma Adjustments		
	"$000"				
	(unless otherwise indicated)	PIL	Brankin		PIL
		Proforma	Proforma		Proforma
		Note 1	Note 2		
	Revenue	-	13,010		13,010
	Expenses	(1,013)	(10,659)		(11,672)
	EBITDA	(1,013)	2,351		1,338
	Depreciation	-	(167)		(167)
	Amortisation	-	-		-
	Net Finance Costs	(61)	(855)		(916)
	Operating Surplus Before Income Tax	(1,074)	1,329		255
	Loss on Revaluation of Property	-	-		0
	Profit Before Income Tax	(1,074)	1,329		255
	Income Tax	-	(480)		(480)
	Profit for the Year	(1,074)	849		(225)
	Total assets	79	53,785		53,864
	Cash and cash equivalents	21	(712)		(691)
	Total liabilities	(1,917)	(33,315)		(35,232)
	Total debt	(841)	(10,806)		(11,646)
	Net cash flows from operating activities	-	1,209		1,209
					18,632

Note 1: See reconciliation for PIL proforma Information in Table 2.1

Note 2: See reconciliation for Brankin Companies proforma Information in Table 2.2

C. Supplementary financial information

1. Introduction

The information contained in this section provides a description of the pro forma adjustments included within the pro forma information presented in the Profile and the financial information contained in Part A and Part B of this document.

The pro forma adjustments explain the reconciling steps between the financial information presented in the Table of Selected Financial Information within Section 2 of the Profile and include:

(i) the audited financial statements for Promisia for the year ended 31 December 2019 adjusted to include 3 months budgeted operating results to 31 March 2020 prepared in accordance with FRS - 42;

(ii) the unaudited financial statements for Eileen Mary Holdings Limited, Ranfurly Manor Holdings Limited, Design Care Group Limited, and Aldwins House Limited which are unaudited special purpose financial statements prepared for the year ending 31 March 2020 and in accordance with the special purpose framework for use by for-profit entities as published by the New Zealand Institute of Chartered Accountants. These financial statements have been adjusted to general purpose financial statements under GAAP and in line with the appropriate NZ accounting standards; and

(iii) the audited financial statements of Eileen Mary Aged Care Property Limited and Ranfurly Manor No: 1 Limited for the year ended 31 March 2020

(iv) the Financial Statements in Part A of this document.

The information contained in this section should be read in conjunction with the Profile, information contained in Part A and Part B of this document and other information presented on the Promisia Website.

1.1 Explanations of Pro forma Adjustments

The financial information for the three years ending 31 March 2020 is required to be based on financial statements prepared in accordance with New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). The annual audited PIL financial information for the two years ending 31 March 2020 include three months of financial projections prepared in accordance to the FRS 42 Prospective Financial Statements.

For all financial years prior to completion of the Acquisition, two of the Brankin Group companies (entities) elected to prepare their annual financial statements for their business transactions in accordance with Special Purpose Financial Statements ("SPFS") and stated above.

The financial information represents the pro forma financial information for Promisia and the Brankin Companies are presented as if the acquisitions of the Brankin entities had occurred on 31 March 2020.

The pro forma financial information for each financial year has been adjusted to incorporate differences in accounting treatment between NZ IFRS and SPFS.

The preparation of the pro forma financial information has required inclusion of certain normalisations, and adjustments to present the information in a form consistent with the structure of Promisia post completion of the Acquisition.

The audited financial statements for Promisia for the year ended 31 December 2019 includes three months of projected results to 31 March 2020 and the Brankin Companies are based on actual financial statements for the two years ending 31 March 2020.

The financial information contained in this section provides a description of the pro forma adjustments included within the pro forma information presented in the Profile and within the financial information contained in Part A and Part B of this document.

Further information on the significant adjustments made in preparation of the pro forma financial information is provided below.

2. Promisia

2.1 31 March 2019

Eliminate PIL Existing Business

As PIL is exiting from the Arthrem business effectively on 31 March 2020, all the prior year operating results relating to the Arthrem business have been eliminated for proforma purposes to show what the PIL results were if it not been trading in the Arthrem business for the year ended 31 March 2019.

2.2 31 March 2020

Allow for 3 months trading

The annual audited PIL financial statements to 31 December 2019 have been used as a basis of the financial statements and adjusted to include 3 months of budgeted operating expenses to 31 March 2020, prepared in accordance with FRS 42.

Eliminate PIL Existing Business

As PIL is exiting from the Arthrem business effectively on 31 March 2020, all the prior year operating results relating to the Arthrem business have been eliminated for proforma purposes.

3. Brankin Companies

3.1 31 March 2019

Allow for holiday provision

A holiday pay provision was required to be recognised as this was not previously recognised in two of the Brankin companies' financial statements prepared under the special purpose financial reporting framework.

Allow for deferred tax

Deferred tax was required to be recognised on the holiday pay provision under the IFRS standards as it was not previously recognised in two of the Brankin group companies.

3.2 31 March 2020

Remove Assets & Liabilities

Adjustments were made to some the Brankin companies' financial statements for the FY 2020 whose shares were being acquired to exclude some assets and liabilities not being acquired as part of the acquisition of these shares.

4. Summary

Promisia management believe the proforma adjustments are necessary to provide potential investors with relevant and meaningful information relating to the financial performance over the FY2018 to FY2020 historical period.