

## Name of Listed Issuer: Promisia Integrative Limited

### FINANCIAL SUMMARY

For the half year ended 30 June 2016

|                                  | Half year<br>30-Jun-16<br>Unaudited<br>\$000 | % Up/(Down)<br>on half year<br>30-Jun-15 | Half year<br>30-Jun-15<br>Unaudited<br>\$000 | Full year<br>31-Dec-15<br>Audited<br>\$000 |
|----------------------------------|--|--|--|--|
| Sales revenue                    | <u>994</u>                                   | 600%                                     | <u>142</u>                                   | <u>408</u>                                 |
| Operating loss before tax        | (366)  | -31%                                     | (527)  | (946)                                      |
| Net Loss                         | (366)  | -31%                                     | (527)  | (946)                                      |
| Total Assets                     | <u>2,085</u>                                 | 107%                                     | <u>1,005</u>                                 | <u>1,946</u>                               |
| Basic Earnings per share         | (0.001)                                      |  | (0.002)                                      | (0.003)                                    |
| Diluted Earnings per share       | (0.001)                                      |  | (0.002)                                      | (0.003)                                    |
| Tangible Asset backing per share | 0.005  |  | 0.004  | 0.004                                      |

#### Report of the Chairman and Chief Executive

The Chairman and Chief Executive are pleased to report the Half Year Report for Promisia Integrative Limited and its subsidiaries ("the Group") for the six month period ended 30 June 2016.

#### Sales

We are pleased to report healthy sales of \$994,098 for Arthrem which is \$850,000, or 600%, more than the sales of \$142,000 for the same period in 2015.

According to IRI-AZTEC scan pharmacy data, Arthrem is the fastest growing brand and product, in dollar terms, for 2016. It also ranks 13<sup>th</sup> among brands in dollar terms in pharmacy for New Zealand.

#### Australia

The company is making good progress towards the launch of Arthrem in Australia. Arthrem is now manufactured in a Therapeutic Goods of Australia (TGA) compliant facility with Good Manufacturing Practice certification. This is an important step, and a prerequisite, to becoming a listed complementary medicine in Australia. The listing will allow Arthrem to make stronger evidence-based therapeutic claims in its advertising. Current legislation prevents these claims being made in New Zealand.

#### United States of America

Sales in the US continue to grow. Cash spend in the US is being managed carefully by testing different digital marketing models and using real time measurement of their effectiveness.

#### Arthritis supplement for dogs

The major challenge for developing an arthritis supplement product for dogs using the Group's unique plant extract has been masking the distinctive pungent smell and bitter taste. Unlike humans, who can swallow a capsule whole, dogs will smell and chew capsules. Therefore a soft gel capsule is not an option.

The company's Principal Scientist, Dr Sheena Hunt, has developed a formulation that masks both the smell and taste of the extract, and is palatable to dogs. Manufacturing trials are underway.

### **Financial Results**

The \$354,000 loss for the Group for the half year, compared to \$575,000 for 2015 same period, is slightly below what was expected due to the delayed expenditure for the launch of Arthrem in Australia and the completion of development and launch of the arthritis supplement for dogs. Much of this budgeted expenditure will be incurred in the second half of the year. The loss includes exchange rate movements, interest expenses, amortisation of the company's automated marketing website and 50% of known non-cash charges such as the share option costs.

### **Research**

The focus of the research programme for the first half of the year has been the development of a palatable formulation for dogs. The company is also researching other possible therapeutic applications for its extract. A clinical trial has just started for another product.

### **Outlook**

Promisia will continue to promote Arthrem aggressively in the New Zealand market. The company is confident that it will exceed its 2016 objective of capturing at least 3% of the potential New Zealand 305,000 person osteoarthritis market before the end of the year.

Other priorities for the second half of the year include:

- Listing Arthrem as a complementary medicine in Australia
- Preparation for the launch of Arthrem in Australia in early 2017
- Completion of development and testing of the supplement for dogs
- Preparation of a product launch and marketing campaign for a dog arthritis treatment in New Zealand and Australia
- Ongoing refinement of the marketing strategy in the US

On behalf of the directors and management we thank shareholders for their continued support for the company.



Stephen Underwood  
**Chairman**



Charlie Daily  
**Chief Executive**