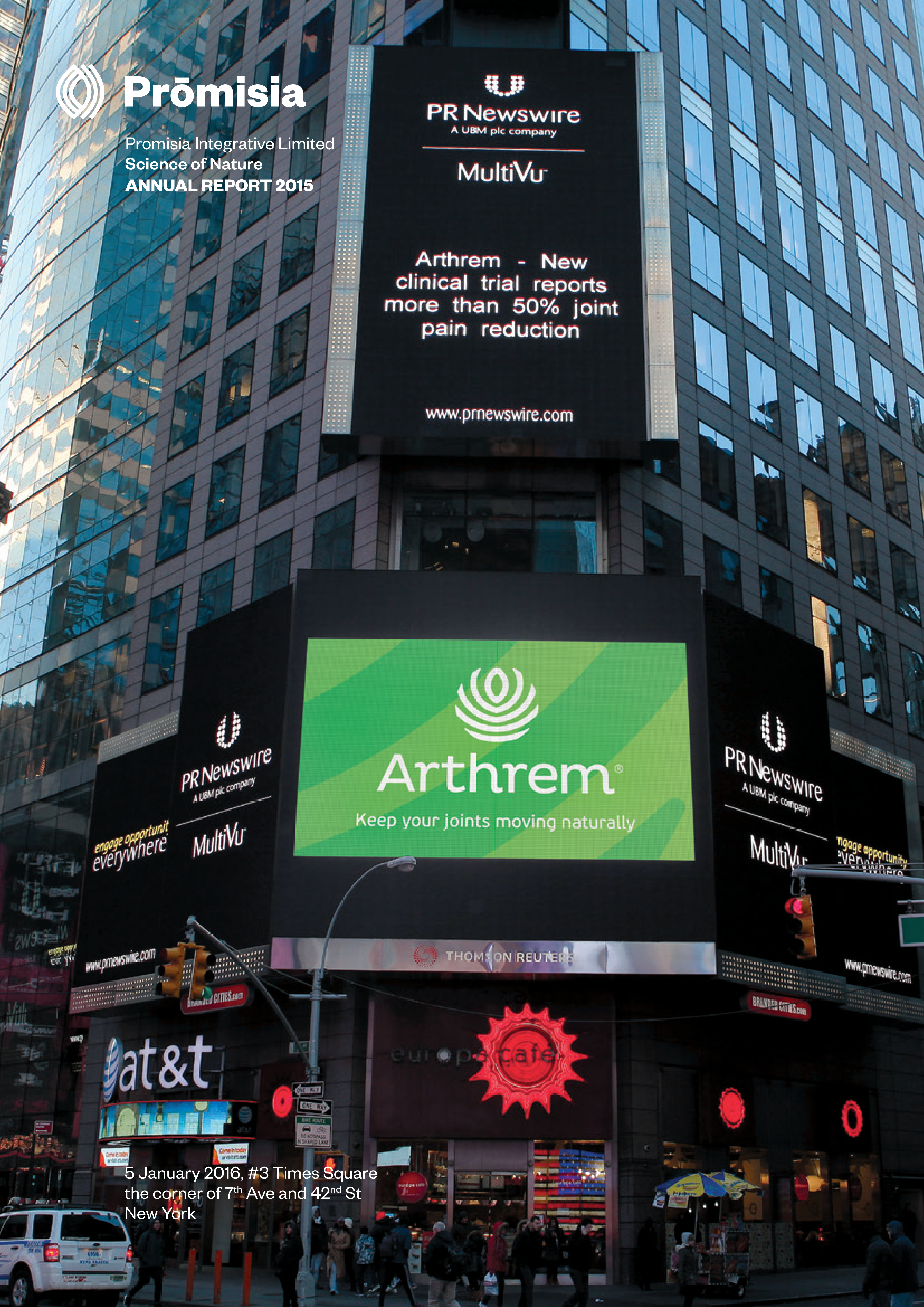
Prōmisia

Promisia Integrative Limited
Science of Nature
ANNUAL REPORT 2015



5 January 2016, #3 Times Square
the corner of 7th Ave and 42nd St
New York

The Company

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

The Company has three operating entities:

- Promisia Limited
- Benefit Arthritis Limited
- Benefit Healthcare Pty Limited

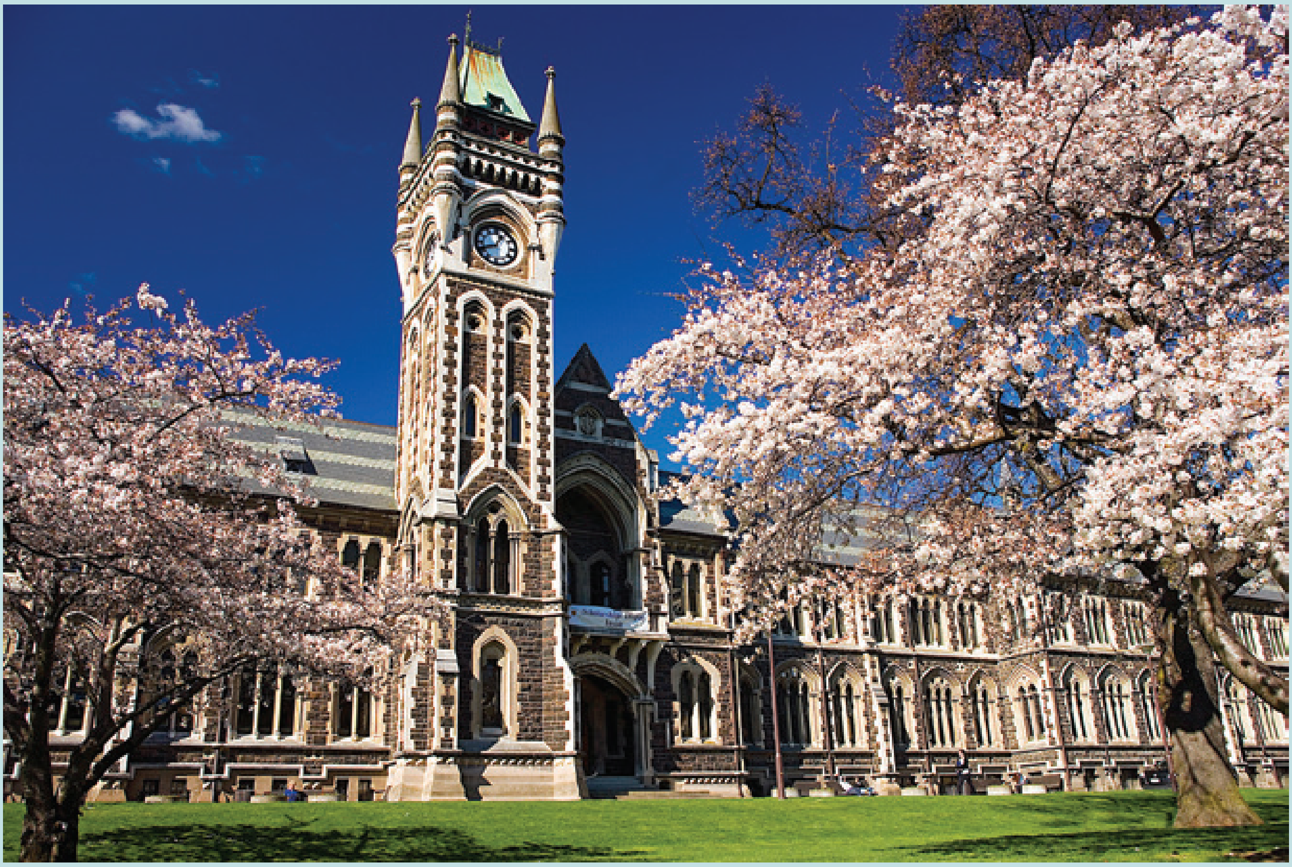
Financial Summary

	31/12/2015	31/12/2014	Change
	$ 000	$ 000	%
Revenue	408	217	+88
Total comprehensive income attributable to shareholders	(956)	(758)	-26
Total Assets	1,946	1,546	+26
Earnings per share	(0.003)	(0.003)	
Dividend per share	Nil	Nil	-
Net Tangible Asset Backing ($ per share)	$0.006	$0.006	-

Significant Events

5 May 2015	Positive preliminary findings for a clinical trial of Arthrem®
8 December 2015	Publication of the positive clinical trial results for Arthrem® in the peer reviewed international journal, *Clinical Rheumatology.*
17 December 2015	Successful rights issue and shortfall subscription, which raised $1,690,000 at $.01 per share.
31 December 2015	Sales increase of just over 150% for the 2nd half of 2015 when compared to the same 6 months the previous year.

Contents



Consultant Rheumatalogist and Senior Otago Research Professor, Simon Stebbings, says a randomised clinical trial of Arthrem® in osteoarthritis patients has produced "one of the most exciting study results" he has seen in the past 15 years.

Report of the Chairman & Chief Executive

The Chairman and Chief Executive have pleasure in presenting the Annual Report for Promisia Integrative and its subsidiaries ("the Group") for the year ended 31 December 2015.

Promisia Integrative Group Results

The Group incurred a loss of $956,000, including non-cash expenses of $64,000 which includes interest expenses of $54,266, for the year ended 31 December 2015 (2014: $758,000 loss). While disappointing, the loss was not unexpected due to the costs associated with building sales and product development.

Highlights from 2015

Significant increase in sales revenue

Revenue from sales of Arthrem® was $407,524 in fiscal 2015, representing an 88% improvement on the $216,800 recorded in the previous year. This increase in sales since June 2015, after the preliminary positive results from clinical trial of Arthrem® were made public in late May 2015, boosted income and set the platform for growth in 2016 and beyond. In the second half of the year sales increased by just over 150% when compared with sales in the second half of the 2014 year. Arthrem® is now sold through over 600 pharmacies in New Zealand or can be purchased directly from the company's website.

The planned commencement of direct marketing of Arthrem® in the US did not proceed in 2015. The website required further expenditure of approximately $50,000 to become fully functional. The company is now fully trained in managing its automated digital marketing e-commerce platform rather than using external parties. Changes to the digital marketing messages can be made instantaneously from New Zealand as required. This measure is expected to result in significant ongoing savings and improved marketing outcomes.

Publication of Arthrem® Clinical Trial Results

The results of the Otago University 12-week double blind, randomised, placebo-controlled clinical trial were published in December in the international peer reviewed journal, Clinical Rheumatology. The abstract from the paper can be viewed using the following link:

link.springer.com/article/10.1007%2Fs10067-015-3110-z

Now that Arthrem® is clinically proven to be safe and effective in the management of osteoarthritis symptoms, medical professionals are more likely to recommend it as a treatment option for osteoarthritis. Publication of the results also enables Promisia to register Arthrem® as a listed complementary medicine in Australia.

Research and Development and New Product Expenditure

As noted in the 2014 Annual Report the company received funding for 6 months of salary cost for a post graduate scientific intern to work on new product development. The focus of the R&D programme in 2015 was the development of a canine arthritis formulation and other therapeutic applications of Promisia's proprietary extract. The objective of the formulation for canines is to be 100% palatable. A very small percentage of canines have found the bitterness of the extract unpalatable.

During the year the company received grant income of $69,000 from Callaghan Innovation to support its R&D work.

In 2016 the R&D focus will be on finalising the formulation and delivery form of the canine product for osteoarthritis along with rigorous testing of this product so that it is backed by robust scientific data.

Successful Rights Issue

In December 2015, Promisia raised $1,690,000 through a successful 6 for 10 rights issue at a price of 1 cent per share. The majority of these funds will be used to market Arthrem® in New Zealand, Australia and the United States. The cash issue resulted in the issue of 169 million new fully paid shares and a number of new shareholders joining the share register.

The company thanks all shareholders who supported the cash issue.

Management

The company's management team was strengthened with the appointment of Liam Harker in the role of research scientist. Liam's academic work has focused extensively on the development and commercialisation of new technologies in bioscience.

Dividend

The Company does not intend to pay a dividend until sustainable recurring profits have been realised.

Outlook for 2016

While pleased with progress made last year the board and management of Promisia are expecting to achieve significant growth in sales of Arthrem®in New Zealand, and commencement of sales in Australia and the United States,

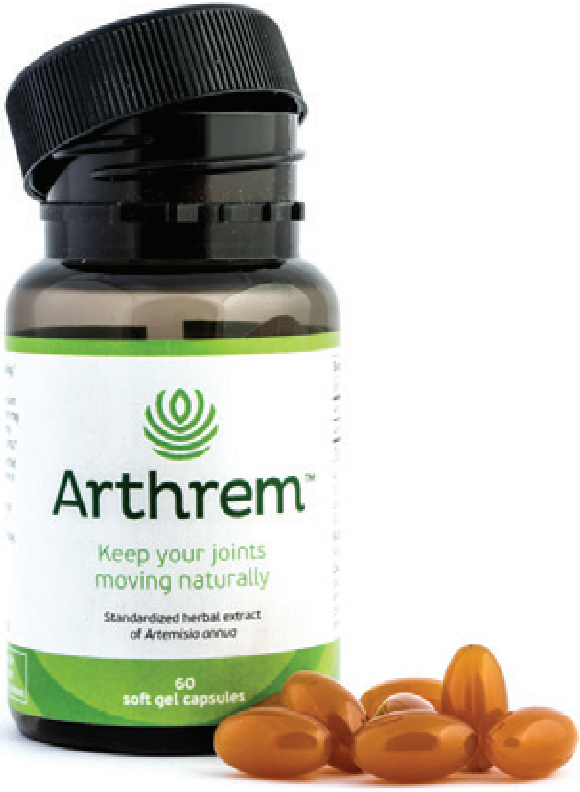
In New Zealand increased advertising commenced in February and is already lifting sales on those achieved for the same time last year. The Company is in the process of applying for registration in Australia as a listed complementary medicine and is completing the necessary regulatory hurdles. In the United States the 'business to customer' sales model based on the US website has commenced.

A second major objective for the year is to complete development and regulatory compliance of an arthritis treatment for canines and launch the new product in New Zealand, Australia and the United States as soon as possible. The pet market is significant and many dogs develop osteoarthritis, some at a very early age.

The directors thank the shareholders for their support and look forward to growing the company in 2016.

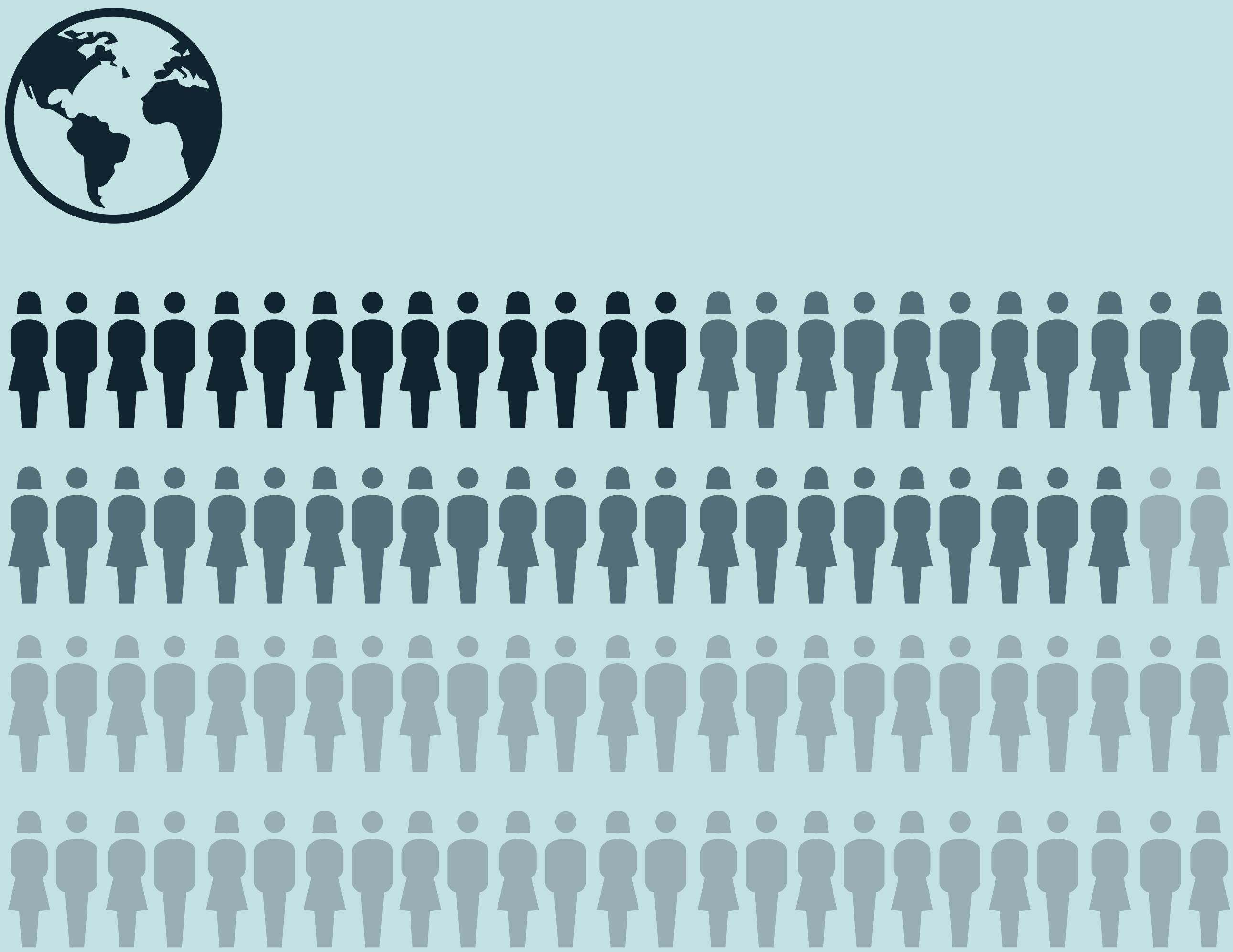
E.M.M. Johnson
CHAIRMAN

C.O Daily
CHIEF EXECUTIVE


Arthrem™
Keep your joints
moving naturally
Standardized herbal extract
of Artemisia annua
60
soft gel capsules

“

Worldwide, osteoarthritis affects approximately 14% of adults aged over 25 years and 34% of adults aged over 65 years.”



Our People – Board of Directors

Promisia Integrative Group Results to 31 December 2015

Mr E.M.M. Johnson

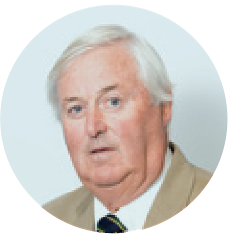
BA BCA (VUW) CFINSTD (CHAIRMAN)

Malcolm Johnson is a Wellington based businessman, consulting company director and professional trustee with considerable experience in numerous private and public companies and large funds management entities. He has a finance and investment banking background and currently has interests in horticulture, forestry, sawmilling, land subdivision and healthcare.

Mr S. Underwood

BCA LLB (VUW)

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.

Management

Mr C. Daily

BSC JAMES MADISON UNIVERSITY, VIRGINIA USA

Charlie Daily is a Wellington based businessman. He began his career in the US as Director of Sales and Marketing for Federal Marketing Corporation. Responsibilities included negotiating purchase agreements with US Federal Government Departments and Federal hospitals for medical and laboratory manufacturers. In 1997 he moved to New Zealand with his kiwi wife and developed the Wholly Bagels and Pizza business. Within a short period of time it became a multi-million dollar turnover franchised system which he sold in late 2010. He is a successful entrepreneur with a flair for sales and marketing.

Dr S. Hunt

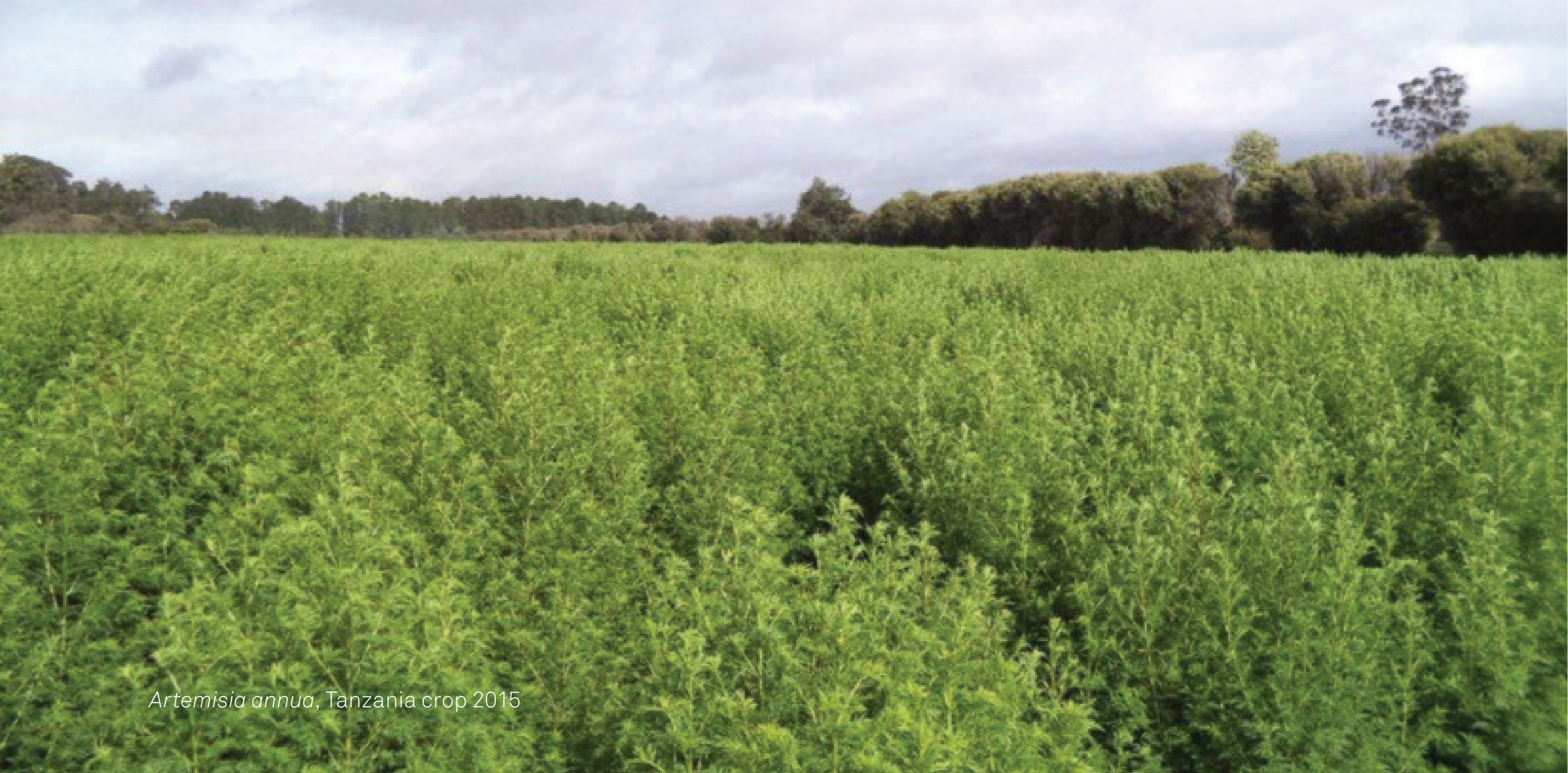
PHD BSC (HONS) UNIVERSITY OF LONDON

Sheena Hunt is an experienced senior research scientist in healthcare and drug development. She has extensive experience in the critical analysis of scientific and clinical data and in the design, implementation, analysis and reporting of controlled clinical trials in numerous therapeutic areas. Sheena has a PhD from Kings College London, University of London and a BSc (Hons) from Royal Holloway, University of London. Sheena's PhD and postdoctoral research focused on bioactive plant compounds as potential new treatments for human diseases.

“

It has been a long standing aspiration to find a herbal extract that could prove effective in relieving osteoarthritis symptoms. Arthrem® shows great promise and, with participants experiencing no major side effects, it could find a place in the treatment of osteoarthritis, proving safer than existing anti-inflammatory medicines,” he says. “We are hoping to conduct further large scale studies to build on this preliminary evidence.”

Associate Professor Simon Stebbings
Otago University’s Dunedin School of Medicine



Artemisia annua, Tanzania crop 2015

> "We believe this is just the beginning of accelerated sales growth. When you combine a clinically proven product with an effective advertising campaign you are going to get increased sales."

The Company's Chief Executive Charles Daily

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. The Board of Directors formally adopted its Group Corporate Governance Code of practice during 2015.

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 two independent directors and two non-independent directors 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 ability and general business acumen.

As at 31 December 2015 the Board was as follows:

- **Malcolm Johnson**
  Chairman and Non-executive Director
- **Stephen Underwood**
  Non-executive Director
- **Duncan Priest**
  Non-executive Director
- **Thomas Brankin**
  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 and must have no disqualifying relationship. The Board follows the guidelines of the NZX Listing Rules.

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

Malcolm Johnson is a trustee and beneficiary of Aratas Investment Trust which has an 8.9% shareholding in Promisia Integrative Limited and represents its interests. He is therefore not independent.

Thomas Brankin and associated interests have an 8.96% shareholding in Promisia Integrative Limited and he represents those interests. He is therefore not independent.

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	
	Held	Attended	Held	Attended
Malcolm Johnson	10	10	–	–
Stephen Underwood	10	10	2	2
Duncan Priest	10	10	2	2
Thomas Brankin	10	10	–	–

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 45–47 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 effected while that person is in possession of price sensitive information. Details of director and staff share transactions are outlined on page 45.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company holds Directors and Officers liability insurance which was placed during the year.

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 publically 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 met once during the financial year in addition to corresponding as required with the external auditor.

REMUNERATION COMMITTEE

During the 2015 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 incentive performance arrangements and the issue of share options.

NOMINATIONS COMMITTEE

During the 2015 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 46.

REMUNERATION OF DIRECTORS

The amount paid currently to all non-executive directors is $12,500 per annum (other than the Chairman). The Chairman is paid $22,500 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 fixed monthly base contracting fee. Share options may be granted from time to time as an additional incentive. The Group has no employees and no remuneration or other benefits, including superannuation and contributions to Kiwisaver, were paid during the financial year.

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:

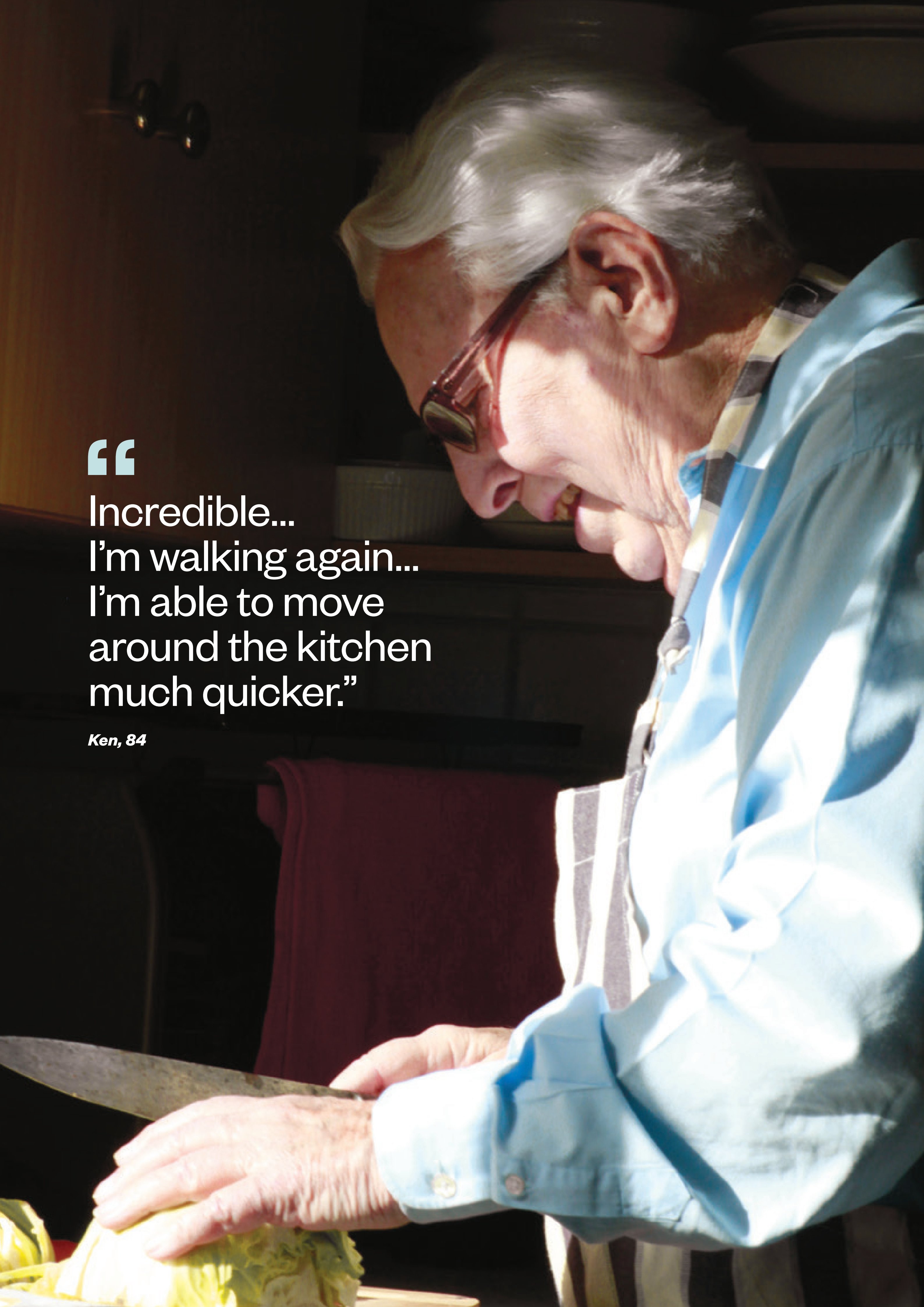
- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced form.

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 2015 the gender balance of the Company's directors and contracted senior management was as follows:

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



"Incredible...
I'm walking again...
I'm able to move
around the kitchen
much quicker."

Ken, 84

Independent Auditor's Report

To the Shareholders of Promisia Integrative Limited

MOORE STEPHENS MARKHAMS
WELLINGTON AUDIT

To the Shareholders of Promisia Integrative Limited

Report on the consolidated financial statements
We have audited the Consolidated Financial Statements of Promisia Integrative Limited and its subsidiaries on pages 19–41, which comprise the Consolidated Balance Sheet as at 31 December 2015, and the Consolidated Statement of Comprehensive Income and, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director's responsibility for the consolidated financial statements
The directors are responsible on behalf of the entity for the preparation and fair presentation of consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards, issued in New Zealand by the New Zealand Accounting Standards Board, 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.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

MOORE STEPHENS
MARKHAMS

WELLINGTON AUDIT

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the consolidated financial statements on pages 19 – 41, present fairly, in all material respects, the financial position of the Promisia Integrative Limited group as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Moore Stephens Wellington Audit

Moore Stephens Wellington Audit | Chartered Accountants, Wellington, New Zealand
31 March 2016

“I’m very active now... I enjoy riding my bicycle every day. Just loving it. It’s great fun.”

Ian, 50

Financial Statements

Promisia Integrative Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

GROUP	Note	2015	2014
	#	$ 000	$ 000
Revenue	3	408	
Cost of Goods Sold	4	(98)	217
		310	(87)
Expenses			130
Administration	5	(490)	(367)
Operating	5	(464)	(291)
Research	5	(234)	(203)
Amortisation	5	(14)	-
Total Expenses		**(1,202)**	**(861)**
Operating (Loss)		**(892)**	**(731)**
Finance costs – interest paid		(62)	(53)
Finance income – interest received		8	8
(Loss) Before Income Tax		**(946)**	**(776)**
Income tax expense	6	-	-
Net Loss For Year		**(946)**	**(776)**
Other Comprehensive Income Items that may be subsequently reclassified to profit or loss		-	-
Currency translation differences	10	(10)	18
Total Comprehensive Loss For Year Attributable To Shareholders		**(956)**	**(758)**
Earning Per Share			
Basic earnings per share	13	$(0.003)	$(0.003)
Diluted earnings per share	13	$(0.003)	$(0.003)

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.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

GROUP	SHARE CAPITAL	FOREIGN CURRENCY	SHARE OPTION	ACCUM LOSSES	TOTAL
		Reserve	Reserve		
	$ 000	$ 000	$ 000	$ 000	$ 000
Equity at 1 January 2014	50,927	177	44	(52,210)	(1,062)
Net loss for the year	-	-	-	(776)	(776)
Other comprehensive income		18	-	-	18
Share based payment	-	-	14	-	14
Share Issue	1,804	-	-	-	1,804
Equity at 31 December 2014	**52,731**	**195**	**58**	**(52,986)**	**(2)**
Net loss for the year		-	-	(946)	(946)
Other comprehensive income		(10)	-	-	(10)
Share Issue	1,450	-	-	-	1,450
Share based payment	-	-	43	-	43
Expired share options	44		(44)		-
Equity at 31 December 2015	**54,225**	**185**	**57**	**(53,932)**	**535**

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

Consolidated Balance Sheet

As at 31 December 2015

GROUP	Note	2015	2014
	#	$ 000	$ 000
Equity			
Share Capital	7	54,225	52,731
Accumulated Deficit	8	(53,932)	(52,986)
Other Equity Reserves	9	242	253
Total Equity		**535**	**(2)**
Represented By:			
Current Assets			
Bank		1,021	648
Receivables	14	97	196
Inventory	16	591	417
Prepayments	15	42	95
Tax Receivable		5	5
Total Current Assets		**1,756**	**1,361**
Non-Current Assets			
Investment	18	75	75
Intangible Assets	17	115	110
Total Non Current Assets		**190**	**185**
Total Assets		**1,946**	**1,546**
Current Liabilities			
Payables and Accruals	19	315	295
Loan	20	-	1,253
Total Current Liabilities		**315**	**1,548**
Non Current Liabilities			
Loan	20	1,096	-
Total Liabilities		**1,411**	**1,548**
Net Assets /(Liabilities)		**535**	**(2)**

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

Balance Sheet Cont.

Authorised for issue on behalf of the Board.

E.Malcolm M. Johnson
CHAIRMAN

S. Underwood
DIRECTOR

Wellington, 31 March 2016

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

GROUP	Note	2015	2014
	#	$ 000	$ 000
Operating Activities *Cash was provided by (applied to)*			
Interest (paid)		(54)	(45)
GST (net)		49	(66)
Receipts from customers		534	230
Payments to suppliers		(1,421)	(1,333)
Net Cash Used In Operating Activities	**25**	**(892)**	**(1,214)**
Investing Activities *Cash was provided from (applied to):*			
Purchase patents & copyright		(19)	(110)
Net Cash Used In Investing Activities		**(19)**	(110)
Financing Activities *Cash was provided from (applied to):*			
New share capital		1,284	1,803
Net Cash From Financing Activities		**1,284**	**1,803**
Net Change In Cash Held		**373**	**479**
Bank at beginning of year		648	169
Bank at the end of year		**1,021**	**648**

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

Notes to the Consolidated Financial Statements

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 Reporting 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 15, 171 Featherston 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 otherwise stated.

B) GOING CONCERN

The Promisia Group has generated sales of $408,000 during the year ended 31 December 2015 (2014:$217,000) and at year end, the balance sheet records a position of positive 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. Two of the directors have signed letters of support stating that they will not, for a 12-month period, make demand on the company for amounts owed to them in the form of outstanding directors' fees, expenses and advances.
2. Continuing group initiatives in 2016 including: the ongoing development of a sales and marketing e-commerce platform automating sales in the USA, ongoing extensive marketing expenditure, clinical trials and research and development expenditure with support from a major New Zealand government science institute, Callaghan Innovation, and further capital raising.
3. The directors are continuously assessing new options in the Group and together with the initiatives undertaken in 2015, this will assist the Company in its next phase of growth with the development and commercialisation of its products.
4. The loan from Wells Investments Ltd – see note 20.

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 7.3).

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 17).

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.

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 and statement of cash flows have been prepared exclusive of GST. All items in the balance sheet are stated net of GST with the exception of receivables and payables which include GST invoiced.

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.

vi) Government Grants

Government 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. These grants are deducted in reporting the related expenses. 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 7.3.

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, loans and advances to others, trade and other payables and term borrowings. They are all classified as loans and receivables and are 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 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) **Receivable 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 entitlements**

There are no liabilities for annual leave, sick leave and long-service leave as the Group currently has no employees.

xiii) **Inventories**

Inventories are recognised 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 work in progress and finished goods includes the cost of direct material, direct labour, and a proportion of the manufacturing overhead, based on the normal capacity of the facilities expended in putting the inventories in their present location and condition.

xiv) **Investments**

Investments are valued at the lower of cost and market value. Where in the opinion of the directors there has been a permanent diminution in the value of investments this has been recognized in the current period. Shares in unlisted companies cannot be reliably valued. They are therefore carried at cost less any impairment losses.

Should any impairment losses be suffered they will not be reversed even if the circumstances leading to the impairment are resolved.

xv) **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 directly associated with the development of software are recognised as intangible assets where the following criteria are met:

For external and internally 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 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.

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.

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 2015.

Adoption status of relevant new financial reporting standards and interpretations

(i) All new standards and amended standards issued and applicable from 1 January 2014 have been adopted as required.

(ii) A number of new standards and amendments to standards became effective for annual period beginning after 1 January 2015. However, the Group has not early adopted these standards and is yet to assess their impact. The standards relevant to the Group are as follows: NZ IFRS 9 Financial Instruments (effective 1 January 2018) and NZIFRS 15- Revenue from Contracts with Customers (effective 1 January 2017)

3. Revenue

GROUP	2015	2014
	$ 000	$ 000
Sales	408	217
Total Revenue	408	217

4. Cost of Goods Sold

GROUP	2015	2014
	$ 000	$ 000
Opening balance inventory	417	76
Purchases	272	428
Closing balance inventory	(591)	(417)
Cost of goods sold	98	87

5. Analysis of Expenses

GROUP	2015	2014
	$ 000	$ 000
Administration		
Auditor's Remuneration	27	20
Directors' Fees	60	60
Foreign Exchange Loss (Gain)	(10)	18
NZX Listing & Registry	45	41
Rental	16	4
Share Based Payment	43	14
Other	299	210
Total Administration	**490**	**367**
Operating		
Distribution	80	-
Marketing	357	-
Other operating costs	26	291
Total Operating Expenses	**464**	**291**
Research		
Clinical Trials	68	158
Other Research	206	135
Less Grants	(40)	(90)
Total Research Expenses	**234**	**203**
Amortisation	**14**	**-**
Total Expenses	**1,202**	**861**

6. Taxation

GROUP	2015	2014
	$ 000	$ 000
Net Loss for year	(946)	(776)
Taxation @ 28 cents	-	-

The Group has $3,140,986 (2014: $2,246,762) of New Zealand domiciled entity tax losses accumulated from previous years. The current tax losses and 49% shareholder continuity are subject to IRD approval. It also has $1,748,916 (2014: $1,734,956) of Australian entity tax losses which remain subject to Australian Tax Office 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 met this condition at 31 December 2014. These 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.

There are no imputation credits available to shareholders (2014: $nil).

7. Share Capital

There were 435,532,130 (2014: 281,733,138) authorised ordinary shares on issue at balance date. All ordinary shares carry full and equal voting rights and share equally in distributions. The shares are fully paid and have no par value.

GROUP		2015	2014
		$ 000	$ 000
Opening balance		52,731	50,927
New subscribed and paid capital	*(Note 7.1)*	1,538	1,849
Expired options	*(Note 11)*	44	-
Issue costs		(88)	(45)
Closing balance		54,225	52,731

7.1 New Subscribed and Paid Capital

GROUP	2015	2014
	$ 000	$ 000
New subscribed capital	1,690	1,849
Less unpaid subscribed capital	(152)	-
New subscribed and paid capital at 31 Dec 2015	1,538	1,849

During the year 169 million ordinary shares were issued as part of a rights issue to raise further equity funding of $1,690,000 for the company's next phase of growth and development.

At 31 December 2015 the new subscribed and paid capital from the rights issue totalled $1,537,990 with the balance of unpaid subscribed capital $152,010 being received in January 2016.

Details of shares issued and taken up by the directors as part of the rights issue are set out in note 22 (ii) e.

7.2 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(ii) for other details.

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

	2015	2015	2014	2014
	Number of options	Weighted average of exercise price	Number of options	Weighted average of exercise price
Outstanding at 1 January	26,680,000	$0.06	9,600,000	$0.025
Granted	-	-	17,080,000	$0.08
Exercised	(9,600,000)	$0.06	-	-
Outstanding at 31 December	17,080,000	$0.06	26,680,000	$0.06

The terms of issue of the options are -

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

Should the option holder cease to hold office, employment, provide consulting services, (except where such cessation occurs as a result of a change in control of the company, with a change in control being where a shareholder or group of associated shareholders become entitled to sufficient shares in the company to give it or them the ability to replace all or a majority of the board of the company) the relevant outstanding options of holder shall be forfeited and all rights and/or benefits in relation to those options shall also be forfeited after a period of 30 days from the date of cessation of holding office, employment and/ or consulting as the case may be.

During the year, one option holder, C Daily, did not exercise some of his outstanding options amounting to 9,600,000 at the due exercise date, so they were deemed to have expired.

7.3 Share based payments & options granted

During the year, the share based payment expense recognised for options granted by the company amounted to $42,707 (2014 $14,275.) 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 is estimated at the grant date using the Black - Scholes option pricing model taking 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 last 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 1	Issue 2
Grant date	24 April 2013	1 Sept 2014
Vesting period ends	26 Feb 2015	29 May 2018
Share price at date of grant	0.021 cents	0.042 cents
Volatility	50%	50%
Option life	1.84 years	3.7 years
Risk free investment rate	2.60%	3.61%
Fair value at grant date	0.014 cents	0.0094 cents
Exercise price at date of grant	0.025 cents	0.08 cents
Weighted average remaining contractual life	1.9 months	3.4 years

The sensitivity analysis of fair value of the options to volatility is presented in the following table:

	Range of volatility	Volatility change by	Fair value will change by
Options	50% to 99%	1%	0.03
Options	100 to 149%	1%	0.02
Options	150% & more	1%	0.01

8. Accumulated Losses

GROUP	2015	2014
	$ 000	$ 000
Opening balance	(52,986)	(52,210)
Net (Loss) for the year	(946)	(776)
Closing balance	(53,932)	(52,986)

9. Other Equity Reserves

GROUP	2015	2014
	$ 000	$ 000
Foreign currency – note 10	185	195
Share option – note 11	57	58
	242	253

10. Foreign Currency Reserve

GROUP	2015	2014
	$ 000	$ 000
Opening balance	195	177
Movement in foreign currency translation	(10)	18
Closing balance – note 9	185	195

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	2015	2014
	$ 000	$ 000
Opening balance	58	44
Share options granted to CEO/Directors	43	14
Expired and transferred to share capital	(44)	-
Closing balance – note 9	57	58

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. Investments in Subsidiaries

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

	Principle Activities	Country of Incorporation	Cost	Interest held by group
			$	%
Promisia Limited	Distribution & Manufacture	New Zealand	-	100
Benefit Arthritis Limited	Distribution	New Zealand	-	100
Benefit Healthcare Pty Limited	Distribution	Australia	113	100
Promisia LLC	Distribution	USA	-	100

13. Earnings Per Share

GROUP	2015	2014
	$ 000	$ 000
Loss attributable to ordinary shareholders	(956)	(758)
Weighted average number of shares for basic EPS	294,550	260,235
Weighted average number of shares for diluted EPS	312,430	265,928
Basic earnings per share	$(0.003)	$(0.003)
Diluted earnings per share	$(0.003)	$(0.003)

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 2015 - see note 7.2 for further details.

14. Receivables

GROUP	2015	2014
	$ 000	$ 000
Current Receivables		
Trade receivables	36	88
Sundry receivables	10	7
Other taxes	51	101
Total other receivables	61	108
Total Current Receivables	**97**	**196**

15. Prepayments

GROUP	2015	2014
	$ 000	$ 000
Overseas contractor	34	84
Other	-	11
Total Prepayments	**34**	**95**

16. Inventory

GROUP	2015	2014
	$ 000	$ 000
Raw materials and extract	525	251
Finished product	66	71
Raw materials in transit	-	95
Total Inventory	**591**	**417**

17. Intangible Assets

GROUP	2015	2014
	$ 000	$ 000
Website and trademark - Gross carrying amount		-
Balance 1 January	110	
Additions	19	110
Balance 31 December	129	110
Amortisation and Impairment		
Balance 1 January		
Amortisation	(14)	-
Balance 31 December	(14)	-
Carrying amount at 31 December	115	110

18. Investments

GROUP	2015	2014
	$ 000	$ 000
NZX Listing Bond	75	75

The carrying value of these investments is considered to be equivalent to their market value.

19. Payables & Accruals

GROUP	2015	2014
	$ 000	$ 000
Current		
Trade Creditors	193	211
Accruals	122	84
Total Payables and Accruals	**315**	**295**

20. Loan

GROUP	2015	2014
	$ 000	$ 000
Current liability		
Loan	-	1,253
Non-current liability		
Loan	1,096	-

On 22 October 2015, the Group entered into an updated loan agreement with Wells Investments Limited. Prior to this date, the loan was fully repayable during 2015. At 31 December 2015, the balance of the loan was $1,096,261. This loan is repayable by 1 December 2019 or earlier. Interest is charged at a rate of 5% per annum until 31 December 2016 and 6.5% from then until 1 December 2019. Details of the security granted over the loan are set out in note 21.

21. Securities Granted

The ANZ holds an All Obligations Debenture of $2,520,000 over the whole of Promisia Integrative Limited's present and future undertakings, property, assets and revenues. At 31 December 2015, the company has an overdraft facility with the ANZ of $100,000 with a current interest rate of 17.9% p.a.

Wells Investments Limited holds security over the assets of the Group in priority to all or any other lender until such a time the loan is repaid. From 1 January 2017 the security shall be a first ranking security.

22. Related Party Information

I) **GENERAL**

Group Financial Statements

In presenting the financial statements of the Group the effect of transactions and balances between fellow subsidiaries and the holding company have been eliminated.

II) **RELATED PARTY TRANSACTIONS AND BALANCES**

(a) As at 31 December 2015, directors' fees and expenses are owed to:

GROUP	2015	2014
	$	$
E.M.M. Johnson	80,650	86,275
S. Underwood	93,330	60,275
M.D. Priest	-	3,125
T.D. Brankin	-	3,125
Total	**173,980**	**152,800**

(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. Two directors have undertaken not to demand settlement of these balances for a period of 12 months.

(c) As at 31 December 2015, options granted to directors and management and outstanding:

	POSITION	GRANTED	OUTSTANDING	GRANTED	OUTSTANDING
		2015	2015	2014	2014
		$	$	$	$
E.M.M Johnson	Director	-	1,770	1,770	1,770
S.Underwood	Director	-	1,770	1,770	1,770
M.Priest	Director	-	1,770	1,770	1,770
T.Brankin	Director	-	1,770	1,770	1,770
C. Daily	CEO	-	8,000	8,000	17,600
Management		-	2,000	2,000	2,000
Total		**-**	**17,080**	**17,080**	**26,680**

d) Compensation of directors and key management of the group.

GROUP	2015	2014
	$ 000	$ 000
Directors fees	60	60
Key contracted management	140	133
Share based payment	43	14

d) Rights Issue
During December 2015, the Group raised further equity by a rights issue. The following directors acquired the further shares in the Group as part of this rights issue. Details of these transactions are as follows:

Director	Number of shares issued	Cost
	#	$
E.M.M Johnson	5,000,000	50,000
T.D. Brankin	20,000,000	200,000
S. Underwood	4,918,588	49,185
M.D. Priest	3,266,366	32,663

23. Financial Instruments

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

GROUP	2015	2015	2014	2014
	Carrying amount	Fair value	Carrying amount	Fair value
	$ 000	$ 000	$ 000	% 000
Cash	1,021	1,021	648	648
Receivables	97	97	196	196
Investments	75	75	75	75
Payables	(315)	(315)	(295)	(295)
Loan/Advances Payable	(1,096)	(1,096)	(1,253)	(1,253)

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

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 holding company's long term loans are at fixed interest rates. The interest payable on the loan is fixed are set over a range from 4% to 6.5% per annum from over the term of the loan- see note 20.

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 receivables of $97,000 which have an ageing duration of less than 6 months and no defaults - (2014 $196,000).

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.

	Current	Current	Non-current	Total
	Within 6 months	6–12 months	1 to 5 years	
GROUP	$ 000	$ 000	$ 000	$ 000
Interest bearing loans	-	-	1,096	1,096
Trade & other payables	315	-	-	315
Total	**315**	**-**	**1,096**	**1,411**

24. Segmental Reporting

The Group's activities are focused on developing and marketing unique therapeutic natural products with proven safety and efficacy based on robust scientific research. The Group's reportable segments are based on the geographic location of its operating entities which reflect the type of activities undertaken.

	NZ	NZ	AUSTRALIA	AUSTRALIA	CONSOLIDATED	CONSOLIDATED
	2015	2014	2015	2014	2015	2014
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Sales	408	217	-	-	408	217
Interest -net	(39)	(31)	(24)	(22)	(54)	(53)
Amortisation	(14)	-		-	(22)	-
Operating (Loss)	(932)	(735)	(9)	(41)	(958)	(776)
Assets	5,118	2,787	-	-	1,946	1,546
Liabilities	(2,761)	(991)	(1,781)	(1,734)	(1,411)	(1,548)

The segmented results are based on those reported to the chief executive and are how the group analyses its business results.

The group's principal geographical region is New Zealand with some international operations which include Australia and USA. Sales by region are based on where product is sold. The group started selling and distributing product in the USA during mid-2015 and sales to individual customers are less than 2%. The directors considered it is not material to fully disclose sales and other results in the USA on a segment basis until this market has been fully developed.

There were no intercompany sales during the year and no activities undertaken in Australia.

The basis of measurement is consistent between segments and in accordance with those adopted in these financial statements.

RECONCILIATION OF SEGMENT ASSETS TO CONSOLIDATED ASSETS

Segmented Assets	**2015**	**2014**
	$ 000	$ 000
New Zealand	5,118	2,787
Australia	-	-
Eliminated assets on consolidation	(3,172)	(1,241)
Total Consolidated Assets	**1,946**	**1,546**

RECONCILIATION OF SEGMENT LIABILITIES TO CONSOLIDATED LIABILITIES

Segmented Liabilities	**2015**	**2014**
	$ 000	$ 000
New Zealand	(2,761)	(991)
Australia	(1,781)	(1,734)
Eliminated liabilities on consolidation	(3,171)	1,177
Total Consolidated Liabilities	**(1,411)**	**(1,548)**

25. Reconciliation of Cash Flows from Operating Activities

GROUP	**2015**	**2014**
	$ 000	$ 000
Net (Loss) for the year	**(946)**	**(776)**
Adjustments for non-cash items :		
Amortisation	14	-
Foreign exchange differences	(10)	18
Share based payment benefits	43	14
Net changes in working capital:		
Change in inventories	(173)	(341)
Change in payables and accruals	19	(20)
Change in receivables, GST and prepayments	161	(109)
Net Cash From Operating Activities	**(892)**	**(1,214)**

26. 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 in the USA. The directors anticipate being able to raise additional equity funds as and when required.

The amount of capital and net debt that the Group has for the year is summarised below.

	2015	2014
	$ 000	$ 000
Total Equity	**523**	**(2)**
Borrowings	(1,096)	(1,253)
Bank	1,021	648
Net debt	**(75)**	**(605)**

27. Prior Period Adjustment

In the current reporting year, an amount of $38,105, capitalised to Intangible Assets in the 2014 year, was re classified as an expense rather than a capital payment. This has been effected by offset against capital payments in the current year of $50,827 to increase the Intangible Assets in 2015 by the net amount of $12,722 only. NZ IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) requires such changes to be recorded as prior period adjustments, with the 2014 year's figures being re-stated to reflect the change in the correct year. However, the directors consider that a prior period adjustment was not necessary as it was not material to the financial statements taken as a whole and it would not have influenced the user's economic decisions. The directors consider that, in the surrounding circumstances, the interests of the users of these financial statements are adequately protected by way of this explanatory note disclosure.

28. Contingent Liabilities

There were no contingent liabilities at year end (2014:$nil).

29. Capital Commitments

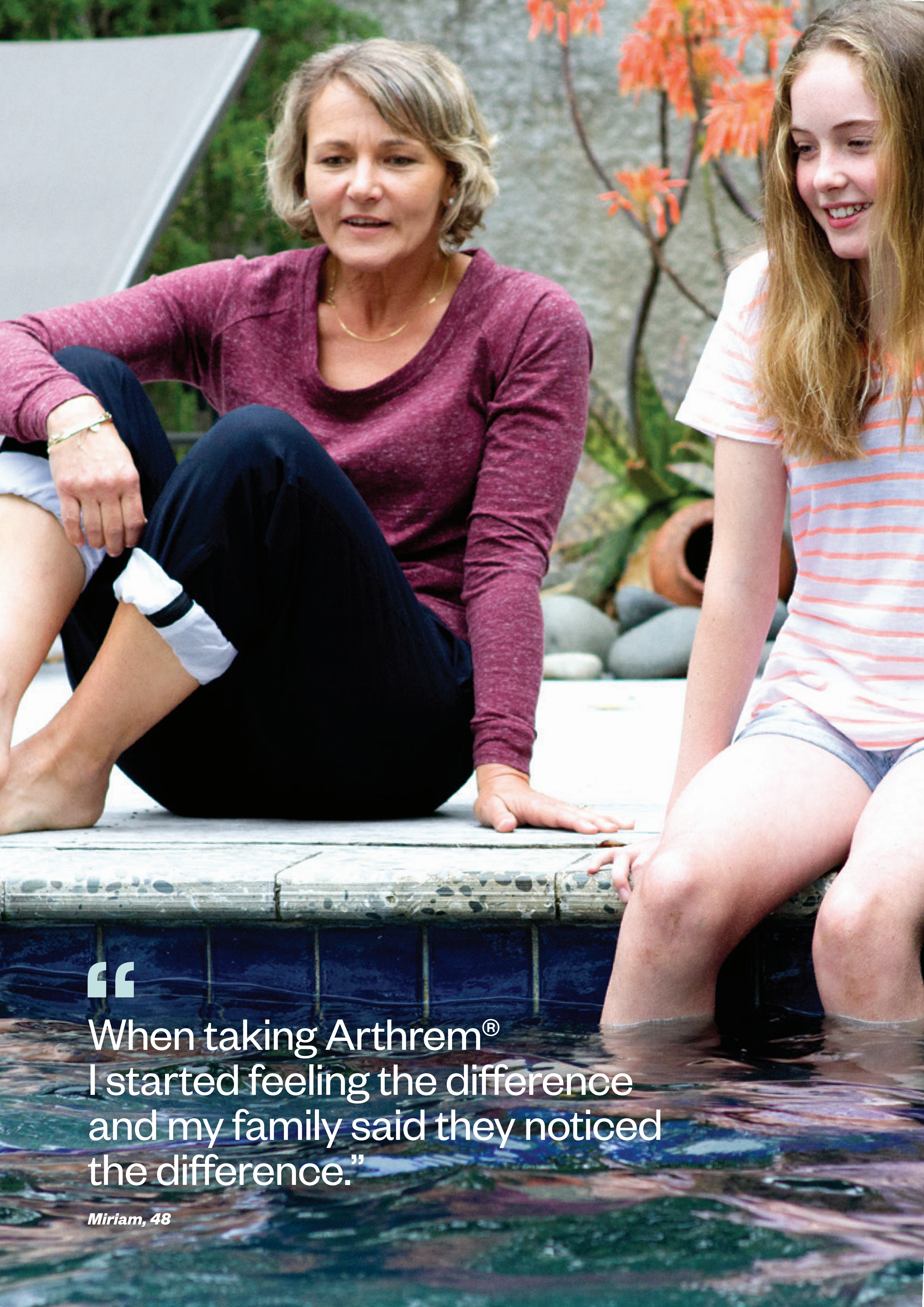
There are no capital commitments 31 December 2015 (2014: US $48,000).

30. Purchase Commitments

The Artemisia leaf purchase commitment at 31 December 2015 amounts to $52,915 (2014:$93,000).

31. Auditor's Remuneration

Audit fees of $27,000 (2014 $20,000) were paid for the audit of the financial statements only.
No other services were provided.



"When taking Arthrem®
I started feeling the difference
and my family said they noticed
the difference."

Miriam, 48

Shareholder & 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 15 March 2016

The following table lists the names and holdings of the 20 largest holding parcels of quoted ordinary shares of the Company as at 15 March 2016.

Holder	Number Held	% Held
Aratas Investment Trust	40,518,473	8.99
T.D. Brankin & M.J. Kirwin Lay	40,367,647	8.96
Daily Global Enterprises Limited	21,517,647	4.77
S.P. & J.P Ward & J.M. Ward	16,679,216	3.70
Wells Investment Limited	13,685,553	3.04
NZ Central Securities Depository Limited	13,450,000	2.98
Banc of America Securities Limited	12,854,532	2.85
Stephen Underwood	12,416,235	2.75
G. Wells	11,915,613	2.64
FNZ Custodians Limited	10,634,469	2.36
Aotearoa Investment Company Pty Limited	10,539,216	2.34
F.N & L.L & Wong & P.L. Wong	10,000,000	2.22
J.E. Connell	8,550,000	1.90
C.K. Mooi	8,400,000	1.86
S.A. Armstrong	8,116,053	1.80
Templar Investments Limited	6,353,213	1.41
C.S. Williamson	6,000,000	1.33
R.A. Hitt	5,000,000	1.11
Nessock Custodians Limited	4,901,922	1.09
Central Nominees Limited	4,800,000	1.06
Top Twenty Shareholders	**266,699,789**	**59.17**

Total Shares on Issue

Name	Number of Holders	Shares Held	% Held
Top 20	20	266,699,789	59.17
Other Investors	1.129	184,033,341	40.83
Total	**1,149**	**450,733,130**	**100.00**

Spread of Ordinary Shareholders as at 15 March 2016

Holding Range	Number of Holders	Total Shares	%
1-1,000	6	1,401	0.00
1,001-5000	366	1,158,347	0.26
5001-10,000	186	1,443,271	0.32
10,001-50,000	275	7,019,591	1.56
10,001-100,000	79	6,152,022	1.36
100,001 or more	237	434,958,498	96.50
Total	**1,149**	**450,733,130**	**100.00**

Substantial Security Holders as at 15 March 2016

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	Number of Shares	% Held
Aratas Investment Trust	Ordinary	40,518,473	8.99
T.D. Brankin & M.J. Kirwin Lay	Ordinary	40,367,647	8.96

Directors’ and Management Security Holdings as at 15 March 2016

Name		Number of Shares	% Held
E.M.M Johnson	Director	40,518,473	8.99
T.D Brankin	Director	40,367,647	8.96
S. Underwood	Director	17,216,235	3.80
M.D. Priest	Director	3,808,388	0.84
C.O. Daily	Management	21,517,647	4.77

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 2015 to 31 December 2015.

Director	Date of transaction	No of securities brought / (sold)	Cost (Proceeds)
			$
E.M Johnson - Rights Issue	7 January 2016	10,201,000	102,010
E.M Johnson - Rights Issue	17 December 2015	5,000,000	50,000
T. Brankin - Rights Issue	17 December 2015	20,000,000	200,000
S. Underwood - Rights Issue	17 December 2015	4,918,588	49,185
M. Priest -Rights Issue	17 December 2015	3,266,366	32,663

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 45.

Directors' Remuneration and Other Benefits

The names of the directors of the Company at 31 December 2015 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

E.M.M. Johnson	$22,500 Director's Fee
S. Underwood	$12,500 Director's Fee
M.D. Priest	$12,500 Director's Fee
T D Brankin	$12,500 Director's Fee

Share options have been provided to the Directors as set out in note 22 (ii)c.

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.

MALCOLM JOHNSON

- Promisia Integrative Limited – Group (Chairman)
- CentrePort Limited (Deputy Chairman)
- Aratas Consulting Services Limited**
- Braemore Forest Limited**
- Rosedale Forest Limited**
- Aberfieldy Farms Limited**
- Brockville Forest Limited**
- Northwood Forest Limited**
- Silverwood Corporation Limited**
- Bradwood Forest Limited**
- Arbor Finance Limited**
- Pinehills Forest Limited
- N.Z. Police Superannuation Scheme (Chairman of Trustees)
- Mercer Superannuation Investment Trust Advisory Committee (Chairman)
- Forestry Resource Supply Limited** (Chairman)
- Waverley Sawmills (2002) Limited (Chairman)
- Waverley Sawmills Limited (Chairman)
- NZ Universities Superannuation Scheme (Chairman of Trustees)
- Harbour Quays Property Limited
- Harbour Quays A1 Limited (Chairman)
- Harbour Quays F1F2 Limited (Chairman)
- Harbour Quays D4 Limited (Chairman)
- Halland Investments Limited.

STEPHEN UNDERWOOD

- Promisia Integrative Limited - Group
- Renouf Corporation Limited**
- Renouf Quay Company Limited**
- Nalokua Holdings Limited**
- Decisive Securities Limited**
- Emerald Gisborne Property Trust Management Limited
- Normandy Holdings Limited**
- 138 The Terrace Limited
- Technical Research Limited
- Panama House Limited
- Panama Direct Limited**
- Central Nominees Limited**
- Central Securities Limited**
- Insolvency Associates Limited
- Dorchester Hotel Property Trust Management Limited
- Mobile Connect Limited
- Tryst Ventures Limited
- Tuff Lite Limited
- NZUC Finance Limited
- Franchise Finance & Loans Limited

DUNCAN PRIEST

- Promisia Integrative Limited - Group
- Nessock Custodians Limited
- Logan Nominees Limited
- Anglo–New Zealand Underwriters Limited

THOMAS BRANKIN

- Promisia Limited
- Benefit Arthritis Limited
- Eileen Mary Age Care Limited**
- Eileen Mary Age Care Property Limited**
- Ranfurly Manor Limited**
- Ranfurly Manor No.1 Limited**
- Design Care Group Limited **
- iAgri 2003 Limited **

Auditors' Remuneration

Audit fees of $27,000 (2014$20,000) 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 2015 (2014:$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.

Corporate Directory & Shareholder Information

Registered office and address for service

Level 15, 171 Featherston Street
WELLINGTON, 6011 NZ

P.O. Box 10121, The Terrace
WELLINGTON 6143

T +64 4 894 8524
M +64 21 643906
F +64 4 894 6598
E charlie@promisia.com

arthrem.co.nz or **promisia.com**

Directors

Malcolm Johnson
Chairman

Stephen Underwood
Independent Director

Duncan Priest
Independent Director

Thomas Brankin
Non-executive Director

Auditor

Moore Stephens Wellington Audit

Level 11, Sovereign House, 34/42 Manners Street
Te Aro, WELLINGTON 6011

Share Registrar

Link Market Services

Level 7, Zurich House, 21 Queen St Street
PO Box 91976, AUCKLAND 1142

T +64 9 375 5998
F +64 9 375 5990
E enquiries@linkmarketservices.co.nz

Bankers

ANZ Bank

Kiwi Bank

Solicitors

Oakley Moran

Leaders Building, 15 Brandon Street
P.O. Box 241, 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/April**

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.

THIS ANNUAL REPORT
IS DATED 31 MARCH 2016
& IS SIGNED ON BEHALF
OF THE BOARD BY:

E.M.M. Johnson

S. Underwood