

Promisia Integrative Limited

Unaudited Interim Financial Statements

For the six months ended 30 June 2017

Name of Listed Issuer: Promisia Integrative Limited

FINANCIAL SUMMARY

For the six month period ended 30 June 2017

	Half year 30-Jun-17 Unaudited \$000	% Up/(Down) on period 30-Jun-16	Half year 30-Jun-16 Unaudited \$000	Full year 31-Dec-16 Audited \$000
Sales revenue	1,318	33%	994	2,665
Operating loss before tax	(344)	-6%	(366)	(459)
Net Loss	(349)	-2%	(355)	(450)
Total Assets	2,915	40%	2,085	3,192
Basic Earnings per share	(0.001)		(0.001)	(0.001)
Diluted Earnings per share	(0.001)		(0.001)	(0.001)
Tangible Asset backing per share	0.006		0.005	0.006

REPORT OF THE CHAIRMAN

The directors of Promisia Integrative are pleased to report on the six months to 30 June 2017 for the company and its subsidiaries. The period under review has required a sharp refocusing of management effort to secure the launch of Arthrem in Australia and the launch of Artevite in New Zealand.

Financial Results

Sales for the period were \$1,318,000, a 33% increase over the same period in the previous year. The operating net loss for the period was \$349,000, a slight reduction on the 2016 result for the same period.

New Zealand Sales

Sales of Arthrem have stabilised and the market may have reached a point where the rapid growth seen in 2016 has abated. The company believes that market growth is available but at a slower rate than experienced in the past. Competitive products have appeared, as expected, but their presence is expected to grow the overall market. As a brand, Arthrem is well recognised and continued to be the best selling over the counter item in pharmacies in dollar terms. The company continues to work with its distributor to maximise sales to pharmacies and has produced a package of instore support material for pharmacies.

The company's online presence has been enhanced with an excellent response level on Facebook. Positive customer testimonials are received regularly and the level of online awareness and sales is increasing.

Australia

The directors are pleased to advise that the company has entered into a pharmacy distribution agreement with Pharmabroker Sales Pty Ltd, a leading wholesaler of a wide range of products to pharmacies across Australia. The initial focus will be solely on New South Wales which has a higher percentage of independent pharmacies rather than franchises or members of national chains. Pharmabroker has been of considerable assistance to the company in securing business relationships with other parties required for a successful launch into this market.

The launch of Arthrem into the Australian market has taken longer than anticipated. The company's strategy is based on using third parties to provide services for either all or specific stages of the marketing chain. It has taken much longer than expected to complete satisfactory arrangements.

The company is negotiating arrangements for the provision of order fulfilment and debtor management services in Australia.

Pharmabroker will start marketing Arthrem to pharmacies from the beginning of October 2017.

Canine Product

The company's product for the treatment of osteoarthritis in dogs is due for release in late September 2017. The product is to be branded as Artevite and will be sold through veterinary clinics, pet stores and online. The company has signed a marketing and distribution agreement with Brooklands Pet Products of New Plymouth which has an extensive countrywide marketing and distribution network.

New Markets

The company continues to investigate other markets for Arthrem and one Asian market is under active investigation with identification of import requirements and securing regulatory approval being the focus of attention.

Recruitment of new CEO

The directors of Promisia Integrative Ltd are pleased to announce the appointment of Mr. Rene de Wit as the company's new Chief Executive.

Rene de Wit is an accomplished CEO and change manager with 25 years' experience in FMCG, food manufacturing, printing, packaging, import/export, financial services and logistics. He has been particularly successful in leading and developing teams that deliver. His former roles include CEO or General Manager positions with Watson & Son, Colorite Group, and Scalzo Food Industries.

Rene holds a Master of Organic Chemistry and a MBA from the University of Otago and will take up his position on 9 October 2017.

In the interim, the role of Acting Managing Director has been filled by director Tom Brankin. The directors thank him for his commitment to the company over the last six months.

For further information please contact:

Mr Stephen Underwood, Chairman on 027 499 3387

Mr Tom Brankin, Acting Managing Director on 021 944740

Promisia Integrative Limited
Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the six month period ended 30 June 2017

	Unaudited 6 months June 2017 \$000	Unaudited 6 months June 2016 \$000	Audited Year Dec 2016 \$000
Revenue	1,318	994	2,665
Cost of goods sold	(355)	(253)	(773)
	<u>963</u>	<u>741</u>	<u>1,892</u>
Expenses			
Administration expenses	(386)	(260)	(661)
Operating expenses	(747)	(727)	(1,432)
Research & Development	(146)	(94)	(191)
Amortisation	(11)	(11)	(23)
	<u>(1,290)</u>	<u>(1,092)</u>	<u>(2,307)</u>
(Loss) before taxation and interest	(327)	(351)	(415)
Finance cost - interest paid	(33)	(27)	(55)
Finance income - interest received	16	12	11
	<u>(344)</u>	<u>(366)</u>	<u>(459)</u>
Net Loss for period before tax	(344)	(366)	(459)
Income tax expense	-	-	-
Loss for period	<u>(344)</u>	<u>(366)</u>	<u>(459)</u>
Other comprehensive income			
Currency translation differences	(5)	11	9
	<u>(349)</u>	<u>(355)</u>	<u>(450)</u>
Total comprehensive (Loss) for period attributable to shareholders			
Basic Earnings per share	(0.001)	(0.001)	(0.001)
Diluted Earnings per share	(0.001)	(0.001)	(0.001)

Promisia Integrative Limited
Consolidated Interim Balance Sheet
As at 30 June 2017

	Notes	Unaudited 6 months June 2017 \$000	Unaudited 6 months June 2016 \$000	Audited Year Dec 2016 \$000
EQUITY				
Share Capital	3.3	56,042	54,368	55,799
Accumulated Losses		(54,735)	(54,298)	(54,391)
Other Equity Reserves		218	275	277
TOTAL EQUITY		1,525	345	1,685
Represented by:				
CURRENT ASSETS				
Bank		1,279	604	1,827
Receivables		333	339	263
Prepayments		199	76	84
Inventory		891	879	811
		2,702	1,898	2,985
NON-CURRENT ASSETS				
Investments		75	75	75
Intangible Assets		111	112	127
Tangible Assets		27	-	5
		213	187	207
TOTAL ASSETS		2,915	2,085	3,192
less				
CURRENT LIABILITIES				
Payables and Accruals		411	656	468
Loan		120	-	120
		531	656	588
NON-CURRENT LIABILITIES				
Loan		859	1,084	919
TOTAL LIABILITIES		1,390	1,740	1,507
NET ASSETS		1,525	345	1,685

The accompanying notes form part of these financial statements

Promisia Integrative Limited
Consolidated Interim Statement of Changes in Equity
For the six month period ended 30 June 2017

	Share Capital	Foreign Currency Reserve	Share Option Reserve	Accumulated Losses	Total
	\$000	\$000	\$000	\$000	\$000
Unaudited					
Equity at 1 January 2016	54,225	185	57	(53,932)	535
Net loss for period	-	-	-	(366)	(366)
Other comprehensive Income (Loss)	-	11	-	-	11
Share Issue net proceeds	143	-	-	-	143
Share based payment	-	-	22	-	22
Equity at 30 June 2016	54,368	196	79	(54,298)	345
Audited					
Equity at 1 January 2016	54,225	185	57	(53,932)	535
Net loss for period	-	-	-	(459)	(459)
Other comprehensive Income (Loss)	-	9	-	-	9
Share Issue net proceeds	1,557	-	-	-	1,557
Share based payment	-	-	43	-	43
Expired/Retired options	17	-	(17)	-	-
Equity at 31 December 2016	55,799	194	83	(54,391)	1,685
Unaudited					
Equity at 1 January 2017	55,799	194	83	(54,391)	1,685
Net loss for period	-	-	-	(344)	(344)
Other comprehensive Income (Loss)	-	(5)	-	-	(5)
Share Issue net proceeds	168	-	-	-	168
Expired/Retired options	75	-	(75)	-	-
Share based payment	-	-	21	-	21
Equity at 30 June 2017	56,042	189	29	(54,735)	1,525

Promisia Integrative Limited
Consolidated Interim Statement of Cash flows
For the six month period ended 30 June 2017

	Unaudited 6 months June 2017 \$000	Unaudited 6 months June 2016 \$000	Audited Year Dec 2016 \$000
Operating activities			
Receipts from customers	1,489	791	2,471
Receipt tax	-	39	56
Payments to suppliers and employees	(2,142)	(1,404)	(3,147)
Interest (net)	16	12	(44)
Net cash flows from (used in) operating activities	(637)	(562)	(664)
Investing Activities			
Purchase intangible assets	(14)	(8)	(35)
Purchase plant & equipment	(4)	-	(5)
Net cash flows from (used in) operating activities	(18)	(8)	(40)
Financing activities			
New share issue & costs	167	153	1,510
Repayment of loans	(60)	-	-
Net cash flows from financing activities	107	153	1,510
Net change in cash	(548)	(417)	806
Cash at Start of Period	1,827	1,021	1,021
Cash at End of Period	1,279	604	1,827

Promisia Integrative Limited
Notes to Consolidated Interim Financial Statements
For the six months ended 30 June 2017

1. Nature of operations

Promisia Integrative Limited (Company) and its subsidiaries (the Group) principal activities are focused on developing and marketing unique therapeutic natural products with proven safety and efficacy based on robust research.

2 General information and statement of compliance

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 – orientated.

Promisia Integrative Limited is a company domiciled in New Zealand. The registered office of the company is 22 Panama Street, Level 4, Wellington 6011.

Basis of Preparation

The unaudited interim 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 (NZ IFRS). They comply with NZ IAS 34 Interim Financial Reporting and should be read in conjunction with the 31 December 2016 annual report

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.

These financial statements do not include all the information required for full financial statements and consequently should be read in conjunction with the full financial statements of the Group for the year ended 31 December 2016.

The accounting policies adopted are consistent with those of the previous financial year. All new standards and amended standards issued during 2016 and applicable after 1 January 2017 have not been adopted. The impact in the initial period of application is expected to be minimal at this stage.

3. Disclosures

3.1 Operating segments

The Group's reportable segments are based on the geographic location of its activities which reflect the type of activities undertaken and have been determined based on internal reporting used by management and the Board of Directors to assist strategic decision making.

3.2 Financial risk management

The Group's activities are exposed to a variety of financial risks: market risk, credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2016. There have been no changes in the management of risk or in any risk management policies in the current period. 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 assets and liabilities approximates their carrying value.

Promisia Integrative Limited
Notes to Consolidated Interim Financial Statements
For the six month period ended 30 June 2017

3.3 Share Capital

The Group's share capital includes fully paid, subscribed and treasury shares.

Issued and paid capital

There were 508,958,971 (31 December 2016: 498,510,841) ordinary shares on issue at 30 June 2017.

During the period to 30 June 2017 10,448,130 ordinary shares were issued to staff as part of a staff bonus scheme. Bonuses were be paid to staff net of tax based on achieving agreed sales targets as set by the board on an annual basis for the financial year ending 31 December 2016. The bonuses were used entirely as payment for the unpaid shares.

Issued and paid capital comprised:

	Unaudited 6 months June 2017 \$000	Unaudited 6 months June 2016 \$000	Audited Year Dec 2016 \$000
Opening balance	55,799	54,225	54,225
Shares issued	168	152	1,585
Expired/retired options	75	-	17
Issue costs	-	(9)	(28)
	56,042	54,368	55,799

Unpaid ordinary shares – Treasury shares

At 31 December 2016, 27,043,986 of unpaid shares have been issued by the company as a part of a Staff Unpaid Share Scheme for eligible staff being employees or contractors to purchase. During the period to 30 June 2017 staff were allocated total shares of 10,448,130 and paid \$167,170 for these shares from their share of company's bonus scheme.

At 30 June 2017, 16,595,856 shares remain unallocated and are held by a nominee company Promisia Trustee Limited.

3.4. Related party information

During the six month period to 30 June 2017, director fees of \$42,916 (30 June 2016 \$30,000) were paid to the directors.

The chief executive resigned effective 31 March 2017 and \$90,000 was paid to him in full settlement of his management entitlements.

As noted in paragraph 3.3, staff are entitled to participate in the Staff Unpaid Share Scheme.

3.5. Contingent liabilities

There were no contingent liabilities at 30 June 2017 (30 June 2016:\$nil).

3.6 Capital commitments

There were no capital commitments at 30 June 2017 (30 June 2016:\$nil).

3.7 Unaudited financial statements

The interim financial statements to 30 June 2017 have not been audited.