Prōmisia

Promisia Integrative Limited

Science of Nature

Annual Report
31 December 2013

The Company

Promisia Integrative Limited is a company focussed on developing and marketing unique therapeutic natural 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:

- Benefit Arthritis Limited (renamed Promisia Limited on 15 January 2014)
- Benefit Healthcare Limited (renamed Benefit Arthritis Limited on 15 January 2014)
- Benefit Healthcare Pty Limited

Financial Summary

	31/12/2013	31/12/2013	Change
	$ Thousands	$ Thousands	%
Revenue	160	34	470
Total comprehensive income attributable to shareholders	(510)	(350)	145
Total Assets	507	233	217
Earnings (cents per share)	(0.002)	(0.002)	–
Dividend (cents per share)	Nil	Nil	–
Net Tangible Asset Backing ($ per share)	0.0021	0.0011	190

Significant Events

6 March 2013	Company appoints Chief Executive Charles Daily
28 March 2013	Placement of 6,700,000 shares at 1.5 cents
7 May 2013	Malcolm Johnson succeeds Garrick Wells as Chairman
8 May 2013	Placement 20,000,000 shares at 2.125 cents
5 June 2013	Chairman Garrick Wells resigns as director
5 June 2013	New Plymouth based businessman Thomas Brankin joins the board
13 September 2013	Principal Scientist Dr Sheena Hunt appointed
6 November 2013	CEO exercises first tranche of options granted on appointment
12 December 2013	Company rebrands as Promisia Integrative Limited NZX ticker symbol (PIL)

Post Year End

10 February 2014	Temporary Relocation of Chief Executive to United States
24 February 2014	Successful Grant Application for Laboratory Studies of Arthrem™

Contents

Report of the Chairman & Chief Executive

The Chairman and Chief Executive have pleasure in presenting the Annual Report for Promisia Integrative Limited and its subsidiaries (“the Group”) for the year ended 31 December 2013.

Promisia Integrative Group Results to 31 December 2013

The Group incurred a net audited loss of $510,000 for the year ended 31 December 2013 (2012: $350,000 loss). Another trading loss is disappointing but it must be noted that the Company has undergone a major transformation during the year. Significant investment was expended to create a platform for growth with the appointment of a Chief Executive and a Principal Scientist. The loss for the year included a one-off write down in the remaining plant item which was sold during the year. There was also a foreign exchange translation adjustment. Revenue from the sale of Arthrem™ was $160,000 compared with $34,000 in the previous year.

The Company started a radio advertising programme and the results have been encouraging. A number of other initiatives, including a new website, have been worked on during the year to position the Company for growth in 2014 and beyond. The Company’s product is now available in over 350 pharmacies throughout New Zealand as well as on the Company’s website. Sales through both channels are growing, with domestic sales now exceeding $20,000 per month.

Rebranding

This year the Company has re-branded, resulting in the adoption of a new company name, logo, and packaging. Part of this new branding is a move towards building a company that produces effective and safe therapeutic products using robust, validated scientific methodology; this commitment is reflected in the appointment of the Company’s Principal Scientist Dr Sheena Hunt. Building a trusted and respected brand is a key component of the Company’s strategic direction both in New Zealand and overseas.

Capital Raising from Placements and the Early Exercise of Options

During the year the Company placed 6,700,000 shares at 1.50 cents per share to incoming Chief Executive Officer, Mr Charles Daily. In addition, New Plymouth based businessman Mr Thomas Brankin took a placement of 20,000,000 shares at 2.125 cents per share in May. Mr Brankin was subsequently invited to join the Board in June. These placements raised a total of $525,500 for working capital purposes.

Towards the end of the financial year Mr Daily exercised 6,300,000 options, being the first of two tranches of options granted to him on his appointment as Chief Executive Officer of the Company. The early exercise of these options resulted in the Company receiving a further $157,500.

Research Grant Funding

During the first quarter of 2014 the Company was awarded funding from Callaghan Innovation, which will amount to 40% of the total cost to undertake locally based in vitro laboratory studies of its dietary supplement Arthrem™.

Board of Directors

During the year there were a number of changes to the Board of Directors.

Garrick Wells, the long serving Chairman, stepped down as Chairman and subsequently resigned as a director of the Company. Garry has been largely responsible for the development of the Company’s ground breaking product Arthrem™ and the Board wishes to acknowledge his very significant contribution to the development of the Company.

Malcolm Johnson was elected to succeed Garry as Chairman. Malcolm has been associated with the Company for some time both as a director and shareholder.

Mid-year the Board was pleased to appoint New Plymouth based businessman Mr Thomas Brankin as a director. Tom brings complementary skills and the directors and management look forward to working with him as we execute on the Company’s strategic plan.

Dividend

The Company does not intend to pay dividends until such time as it has developed recurring profit streams. The Board will review the dividend position when the Company achieves a sustainable level of profitability. In the interim any profits will be reinvested in the growth of the Company.

Outlook

In order for Promisia to become a global leader in developing and marketing unique therapeutic natural products, it must demonstrate commercial success with its first to market product, Arthrem™. From this success other products will follow.

The temporary relocation of the Company's Chief Executive to Washington, D.C. in March of this year is the first step to seeking distribution channels outside of New Zealand, in the Mid-Atlantic States. Mr Daily is a US citizen with considerable sales and marketing business experience and also has connections in the US healthcare sector.

Promisia is also investing a considerable amount of resources into validating the therapeutic efficacy and safety of Arthrem™ with a comprehensive scientific research and development programme that will include clinical trials and laboratory studies. Along with this scientific research, the Company has also invested in the new branding of Promisia, and its current product, Arthrem™. This exercise will set the tone for future product roll out. The Board is excited about the prospects of sales through existing channels and believes that even without the scientific programme, sales will continue to grow. This has already been demonstrated with current domestic sales growth to date. If results from our scientific research are positive, sales growth will likely accelerate due to endorsement and recommendation of the product by healthcare professionals along with increased trust and confidence of consumers.

E.M.M. Johnson
CHAIRMAN

C.O Daily
CHIEF EXECUTIVE

Our People – Board of Directors

Promisia Integrative Group Results to 31 December 2013

Mr E.M.M. Johnson
BA BCA (VUW) F INST D (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 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.

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.

Management

Mr C. Daily

BSC JAMES MADISON UNIVERSITY, VIRGINIA USA

Charles 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.

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 intends developing a corporate governance code of practice or charter during 2014.

This code of practice or charter will draw on the best practice standards a number of relevant organisations, including NZX, the Financial Markets Authority and the Institute of Directors in New Zealand Inc. Once developed and adopted by the Board this document will become public and be available for inspection on the Company's website.

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 with the exception of newly appointed Mr Brankin, 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 2013 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 9 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 a 9.92% shareholding in Promisia Integrative Limited and represents its interests. He is therefore not independent.

Thomas Brankin and associated interests have an 8.46% 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	13	13	–	–
Stephen Underwood	13	11	1	1
Duncan Priest	13	11	1	1
Thomas Brankin	7	7	–	–
Garrick Wells	6	6	–	–

Thomas Brankin joined the board on 5 June 2013.

Garrick Wells resigned from the board on 5 June 2013.

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 47-49 of this report.

DIRECTORS' SHARE DEALINGS

As part of its corporate governance code of practice and charter development the Company will seek to adopt 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 so as 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 49.

Indemnification and Insurance of Directors and Officers.

The Company does not hold any Directors and Officers liability insurance. Securing appropriate cover will be investigated in the current 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 and the Financial Reporting 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 2013 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 2013 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. Details of director and executive remuneration, including entitlements, are set out on page 49.

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 which amounted to $83,333 for the period of 1 March 2013 to 31 December 2013 (2012: $nil). 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 the gender balance of the Company's directors and contracted senior management was as follows:

	Directors	Contract Management
Male	4	1
Female	–	1
Total	**4**	**2**

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 financial statements

We have audited the consolidated financial statements of Promisia Integrative Limited on pages 21 to 41 and its subsidiaries, which comprise the Balance Sheet of Promisia Integrative Limited and the Consolidated Balance Sheet as at 31 December 2013, and the Consolidated Statement of Comprehensive Income, Statement of Changes In Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director's responsibility for the financial statements

The directors are responsible for the preparation of consolidated financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of 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 of consolidated financial statements that give a true and fair view of the matters to which they relate 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, as well as evaluating the presentation of the consolidated financial statements.

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

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

MOORE STEPHENS MARKHAMS
WELLINGTON AUDIT

Opinion

In our opinion, the consolidated financial statements on pages 21 to 41:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of Promisia Integrative Limited and the group as at 31 December 2013, and the financial performance and cash flows of the group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required
- In our opinion, proper accounting records have been kept by Promisia Integrative Limited and the group as far as appears from our examination of those records.

Moore Stephens Wellington Audit

Moore Stephens Wellington Audit | Chartered Accountants, Wellington, New Zealand
28 March 2014

Financial Statements

Promisia Integrative Limited and Subsidiaries

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

		GROUP		PARENT	
	Note	2013	2012	2013	2012
	#	$	$	$	$
Sales Revenue		160	34	–	–
Less Expenses					
Administration	2	(429)	(202)	(333)	(153)
Operating	2	(268)	(193)	–	–
Total Expenses		**(697)**	**(395)**	**(333)**	**(153)**
Operating (Loss)		**(537)**	**(358)**	**(333)**	**(150)**
Finance costs – interest paid		(41)	(10)	(25)	(10)
Finance income – interest received		2	3	2	3
(Loss) Before Income Tax		**(576)**	**(368)**	**(356)**	**(160)**
Income tax expense	3	–	–	–	–
Net Loss For Year		**(576)**	**(368)**	**(356)**	**(160)**
Other Comprehensive Income Items that maybe subsequently reclassified to profit or loss					
Currency translation differences	8	66	18	–	–
Total Comprehensive Loss For Year Attributable To Shareholders		**(510)**	**(350)**	**(356)**	**(160)**
Earning Per Share					
Basic earnings per share	10	$(0.002)	$(0.002)	$(0.002)	$(0.001)
Diluted earnings per share	10	$(0.002)	$(0.002)	$(0.002)	$(0.001)

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.

The notes on pages 27 to 42 should be read in conjunction with these financial statements.

Statement of Changes in Equity – Group

For the year ended 31 December 2013

	SHARE CAPITAL	SHARE REDEMPTION	FOREIGN CURRENCY	SHARE OPTION	ACCUM LOSSES	TOTAL
		Reserve	Reserve	Reserve		
	$	$	$	$	$	$
Equity at 1 January 2012	50,124	44,678	93	–	(95,944)	(1,049)
Comprehensive Income	–	–	18	–	(368)	(350)
Share Issue	95	–	–	–	–	95
Equity at 31 December 2012	**50,219**	**44,678**	**111**	**–**	**(96,312)**	**(1,304)**
Comprehensive Income	–	–	66	–	(576)	(510)
Share Issue	679	–	–	–	–	679
Transfer	–	(44,678)	–	–	44,678	–
Share based payment	29	–	–	44	–	73
Equity at 31 December 2013	**50,927**	**–**	**177**	**44**	**(52,210)**	**(1,062)**

Statement of Changes in Equity – Parent

For the year ended 31 December 2013

	SHARE CAPITAL	SHARE REDEMPTION	FOREIGN CURRENCY	SHARE OPTION	ACCUM LOSSES	TOTAL
		Reserve	Reserve	Reserve		
	$	$	$	–	$	$
Equity at 1 January 2012	50,124	44,678	–	–	(94,224)	578
Comprehensive Income	–	–	–	–	(160)	(160)
Share Issue	95	–	–	–	–	95
Equity at 31 December 2012	**50,219**	**44,678**	**–**	**–**	**(94,384)**	**513**
Comprehensive Income	–	–	–	–	(356)	(356)
Share Issue	679	–	–	–	–	679
Transfer	–	(44,678)	–	–	44,678	–
Share based payment	29	–	–	44	–	73
Equity at 31 December 2013	**50,927**	**–**	**–**	**44**	**(50,062)**	**909**

The notes on pages 27 to 42 should be read conjunction with these financial statements.

Balance Sheet

For the year ended 31 December 2013

		GROUP		PARENT	
	Note	2013	2012	2013	2012
	#	$	$	$	$
Equity					
Share Capital	4	50,927	50,219	50,927	50,219
Accumulated Deficit	5	(52,210)	(96,312)	(50,062)	(94,384)
Other Equity Reserves	6	221	44,789	44	44,678
Total Equity		**(1,062)**	**(1,304)**	**909**	**513**
Represented By:					
Current Assets					
Bank		169	4	144	2
Receivables	12	51	30	17	129
Inventory		76	–	–	–
Prepayments	13	131	66	72	66
Tax Receivable		5	5	5	5
Total Current Assets		**432**	**105**	**238**	**202**
Non-Current Assets					
Property, Plant & Equipment	15	–	53	–	–
Investments	14	75	75	75	75
Receivables	12	–	–	1,523	1,205
Total Non Current Assets		**75**	**128**	**1,598**	**1,280**
Total Assets		**507**	**233**	**1,836**	**1,483**
Current Liabilities					
Bank overdraft		–	86	–	86
Payables and Accruals	16	316	894	232	884
Non Current Liabilities					
Loan	17	1,253	557	695	–
Total Liabilities		**1,569**	**1,537**	**927**	**970**
Net (Liabilities) / Assets		**(1,062)**	**(1,304)**	**909**	**513**

The notes on pages 27 to 42 should be read conjunction with these financial statements.

Balance Sheet Cont.

Authorised for issue on behalf of the Board.

E.M.M. Johnson
CHAIRMAN

S. Underwood
DIRECTOR

Wellington, 28 March 2014

Statement of Cash Flows

For the year ended 31 December 2013

		GROUP		PARENT	
	Note	**2013**	**2012**	**2013**	**2012**
	#	$	$	$	$
Operating Activities *Cash was provided by (applied to)*					
Interest (paid)		(27)	(10)	(27)	(10)
Receipt Tax		21	18	17	18
Receipts from customers		188	25	–	–
Receipts from subsidiary customers		–	–	–	20
Payments to suppliers		(610)	(187)	(255)	(60)
Payments to subsidiary suppliers		–	–	–	(124)
Net Cash Flows From Operating Activities	**22**	**(428)**	**(154)**	**(265)**	**(156)**
Financing Activities *Cash was provided from (applied to):*					
New share capital		679	–	679	–
Advance to subsidiaries		–	–	(186)	2
Advance from shareholders		–	54	–	54
Net Cash Flows From Financing Activities		**679**	**54**	**493**	**56**
Net (Decrease) / Increase In Cash Held		**251**	**(100)**	**228**	**(100)**
Effect of exchange rate fluctuations		–	–	–	–
Bank (Overdraft) at beginning of year		(82)	18	(84)	16
Bank (Overdraft) at end of year		169	(82)	–	(84)
Comprising Bank (Overdraft)		**169**	**(82)**	**144**	**(84)**

The notes on pages 27 to 42 should be read conjunction with these financial statements.

Notes to the Financial Statements

1. Statement of Accounting Policies

A) **REPORTING ENTITY**

Promisia Integrative Limited (formerly Savoy Equities Limited) ('the Company') is domiciled in New Zealand, registered under the Companies Act 1993 and listed on New Zealand Exchange Ltd.

The Company and its subsidiaries comprise the Promisia Integrative Group. The Company is an issuer in terms of the Securities Act 1978 and Financial Reporting Act 1993. The financial statements of the Company and the Promisia Integrative Group have been prepared in accordance with the Financial Reporting Act 1993.

B) **MEASUREMENT BASE AND BASIS OF PREPARATION**

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Promisia Integrative Group.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

The information is presented in thousands of New Zealand dollars.

C) **GOING CONCERN**

The Promisia Integrative Group has generated sales of $160,000 during the year ended 31 December 2013 (2012: $34,000) and at year end, the balance sheet records a position of negative 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. All the directors have signed Letters of Support stating that they will not, for a twelve month period, make demand on the company for amounts owed to them in the form of outstanding directors' fees, expenses and advances and, in the case of Mr Wells, for the loan from Wells Investments Limited.
2. The Company commenced a limited advertising programme using selected radio exposure, the results of which have been encouraging. In addition a number of other initiatives have been worked on during the year to position the Company for growth in 2014 and beyond including having a product offering available in over 350 pharmacies throughout New Zealand as well as on the Company's website. Sales through both channels are growing.
3. The directors are continuously assessing new options in the Group's stated field of endeavour and have embarked on rebuilding the management group structure and operation to assist the Company in its next phase of growth with the development and commercialisation of its products.

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 parent company and its subsidiaries accounted for using the purchase method. All significant inter-company transactions are eliminated on consolidation. In the parent company's separate financial statements, the investment in the subsidiaries are stated at cost.

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) **Employee entitlements**

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

iv) **Goods and Services Tax (GST)**

The income statement 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) **Financial instruments**

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and advances to others, held to maturity investments, trade and other payables and term borrowings. These 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.

vi) **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.

vii) **Inventories**

Inventories are recognised at the lower of cost, determined on a first-in first-out basis, and net realisable value. 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.

viii) **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.

ix) **Plant and equipment**

The Promisia Group has the following classes of plant and equipment:

i) Plant and equipment and
ii) Plant held for sale.

All plant and equipment is initially recorded at cost. When an item of property, plant and equipment is disposed of any gain or loss is recognised in the income statement and is calculated as the difference between the sale price and the carrying value of the item.

Plant held for sale is valued at the lower of cost less accumulated depreciation and fair value less costs to sell. An impairment loss is recognised to write down the asset to fair value less costs to sell, when the asset is recognised as held for sale.

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

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

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

x) **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).

xi) **Impairment**

At each reporting date, the group reviews the carrying amounts of its tangible 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 income statement 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.

xii) **Revenue**

Revenue on sales of goods is recognized when they are delivered and ready for use by the customer.

xiii) **Share capital**

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of the issue.

xiv) **Taxation**

The income tax expense charged to the income statement 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.

Deferred tax is not recognised on temporary differences associated with investments in subsidiaries because (i) The parent company is able to control the timing of the reversal of the differences; and (ii) They are not expected to reverse in the foreseeable future.

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.

xv) **Changes in accounting policies**

A number of new standards, interpretations and amendments became effective for the first time for periods beginning on (or after) 1 January 2013. These have been adopted by the Group in the financial statements. The nature and effect of each new standard, interpretation and amendment adopted by the Group is detailed below.

NZ IAS 1 Presentation of Items of Other Comprehensive Income Amendments to NZ IAS 1.

The amendment requires that items of other comprehensive income must be grouped together into two sections:

i) Those that will or may be reclassified into profit or loss
ii) Those that will not.

Note: not all new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2013 effect the Group's financial statements.

All new standards and amended standards issued during 2013 and applicable after 1 January 2014 will be adopted as required. The impact in the initial period of application is expected to be minimal at this stage.

2. Analysis of Expenses

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Administration				
Auditor's Remuneration	15	10	15	10
Directors' Expenses	–	27	–	27
Directors Fees	60	50	60	50
Foreign Exchange Loss (Gain)	72	(2)	–	–
NZX Listing & Registry	44	28	44	28
Rental	8	7	4	7
Share Based Payment	73	–	73	–
Other	157	82	137	31
Total Administration	**429**	**202**	**333**	**153**
Operating				
Clinical Trials	38	–	–	–
Depreciation	9	40	–	–
Loss On Disposal Of Assets	34	61	–	–
Production	16	–	–	–
Movements In Inventories	(76)	–	–	–
Research And Development	20	28	–	–
Other Operating Costs	227	64	–	–
Total Operating Expenses	**268**	**193**	**–**	**–**
Total Expenses	**697**	**395**	**333**	**153**

3. Taxation

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Net Loss for year	(576)	(368)	(356)	(160)
Taxation @ 28 cents	–	–	–	–

The Group has $1,876,000 (2012: $1,360,000) of tax losses accumulated from previous years. $232,610 (2012: $99,964) of this amount remain subject to Australian Tax Office approval. Current tax losses are subject to IRD and ATO 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. 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 (2012: $nil).

4. Share Capital

There were 236,420,427 (2012: $203,420,427) authorised ordinary shares on issue at balance date. All ordinary shares carry full and equal voting rights and share equally in distributions. The shares have no par value.

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Opening balance	50,219	50,124	50,219	50,124
New issued capital	526	95	526	95
Issued shares re exercise of options	157	–	157	–
Share based payment	29	–	29	–
Brokerage costs	(4)	–	(4)	–
Closing balance	50,927	50,219	50,927	50,219

NEW ISSUED CAPITAL

During the year an additional 20 million ordinary shares were issued to a director T Brankin and 6.7 million to Charles Daily, the Chief Executive, to raise further total equity funding of $526,000 for the company.

In addition a further 6,300,000 ordinary shares were issued to Charles Daily, the chief executive, as part of the option scheme outlined below for net share proceeds totalling $157,500.

OPTION SCHEME

On 24 April 2013, two tranches of options totalling 15.9 million options were granted and registered to Charles Daily, the chief executive, with the following terms.

These options may be converted to ordinary shares by payment of $0.025 per share up to the expiry date of 26 February 2015.

The options may be transferred at any time provided the board approves the transfer. The options 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.

Should the option holder cease to hold office, employment or provide consulting services, then any outstanding options shall be forfeited.

On 6 November 2013, the first tranche of these options being 6,300,000 were exercised by Charles Daily for a total consideration of $157,500. The options were converted into 6,300,000 ordinary shares at a cost of $0.025 per share. The remaining balance of options on issue amount to 9,600,000.

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

	2013	2013	2012	2012
	Number of options	Weighted average of exercise price	Number of options	Weighted average of exercise price
Outstanding at 1 January	–	–	–	–
Granted	15,900,000	$0.025	–	–
Exercised	(6,300,000)	$0.025	–	–
Outstanding at 31 December	9,600,000	$0.025	–	–

SHARE BASED PAYMENTS

During the year, the share based payment expense recognised for options granted by the company amounted to $73,140 (2012 $nil).

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 and Scholes option pricing model taking account the terms and conditions upon which the share options were granted.

The inputs into the share option pricing model were the share price at grant date of $0.021, exercise price of $0.025, volatility of 50%, and annual risk free interest rate of 2.49%. 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. See note 9 for further details.

5. Accumulated Losses

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Opening balance	(96,312)	(95,944)	(94,384)	(94,224)
Net (Loss) for the year	(576)	(368)	(356)	(160)
Transfer share redemption reserve	44,678	–	44,678	–
Closing balance	(52,210)	(96,312)	(50,062)	(94,384)

The company has reclassified the share redemption reserve to accumulated losses as it no longer relates to any form of equity currently issued by the group. See note 7 on the following page.

6. Other Capital Reserves

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Share redemption – note 7	–	44,678	–	44,678
Foreign currency – note 8	177	111	–	–
Share option – note 9	44	–	44	–
	221	44,789	44	44,678

7. Share Redemption Reserve

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Opening balance	44,678	44,678	44,678	44,678
Transfer to accumulated losses	(44,678)	–	(44,678)	–
Closing balance	–	44,678	–	44,678

8. Foreign Currency Reserve

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Opening balance	111	93	–	–
Movement in foreign currency translation	66	18	–	–
Closing balance	177	111	–	–

9. Share Option Reserve

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Opening balance	–	–	–	–
Share options granted to CEO	73	–	73	–
Exercised and transferred to share capital	(29)	–	(29)	–
Closing balance	44	–	44	–

10. Earnings Per Share

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Loss attributable to ordinary	(510)	(350)	(356)	(160)
Shareholders				
Number of ordinary shares	236,420	203,420	236,420	203,420
Number of options outstanding	9,600	–	9,600	–
Basic earnings per share	$(0.002)	$(0.002)	$(0.002)	$(0.001)
Diluted earnings per share	$(0.002)	$(0.002)	$(0.002)	$(0.001)

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 24 April 2013 – see note 4 for further details.

11. Investments in Subsidiaries

The subsidiaries held by the parent company were as follows:

	Principle Activities	Balance Date	Cost	Interest held by group
			$	%
Promisia Limited	Extraction processes	31 December	–	100
Benefit Arthritis Limited	Extraction processes	31 December	–	100
Benefit Healthcare Pty Limited.	Extraction processes	31 December	113	100

During the year following name changes were made to the parent company and subsidiaries as part of its rebranding strategy: Savoy Equities Limited to Promisia Integrative Limited, Benefit Healthcare Limited to Benefit Arthritis Limited and Benefit Arthritis Limited to Promisia Limited.

12. Receivables

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Current Receivables				
Debtors	51	30	17	10
Advances – Related Parties	-	-	-	119
Total current receivables	**51**	**30**	**17**	**129**
Non Current Receivables				
Advances – Related Parties (note 17c)	-	-	1523	1,205
Total Receivables	**51**	**30**	**1,540**	**1,335**

13. Prepayments

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Overseas contractor	125	66	66	66
Other	6	–	6	–
Total Prepayments	131	66	72	66

14. Investments

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Non-current				
NZX Listing Bond	75	75	75	75

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

15. Property Plant & Equipment

	Plant equipment	Total plant equipment
	$	$
Cost		
Balance 1 January 2012	720	720
Disposal of plant	(488)	(488)
Movement in exchange rates	(32)	(32)
Balance 31 December 2012	**200**	**200**
Disposal of plant	(170)	(170)
Movement in exchange rates	(30)	(30)
Balance as at 31 December 2013	**–**	**–**
Accumulated depreciation		
Balance 1 January 2012	(304)	(304)
Disposal of plant depreciation	233	233
Charge for year	(41)	(41)
Movement in exchange rates	13	13
Balance 31 December 2013	**(99)**	**(99)**
Disposal of plant depreciation	93	93
Charge for year	(9)	(9)
Movement in exchange rates	15	15
Balance as at 31 December 2013	**–**	**–**
Impairment		
Balance 1 January 2012	(256)	(256)
Disposal – reversal impairment	194	194
Charge for year	–	–
Movement in exchange rates	14	14
Balance as at 31 December 2012	**(48)**	**(48)**
Charge for year	–	–
Disposal – reversal impairment	42	42
Movement in exchange rates	6	6
Balance as at 31 December 2013	**–**	**–**
Carrying amounts		
Balance as at 31 December 2012	53	53
Balance as at 31 December 2013	–	–

The parent company has no property, plant and equipment assets (2012: $nil).

16. Payables & Accruals

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Current Liabilities				
Trade Creditors and Accruals	316	433	232	423
Advances from Directors (note 19ii (a))	–	461	–	461
	316	894	232	884

17. Loan

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Non – current liability – loan	1,253	557	695	–

The above loan is from a related party as detailed in note 19 – ii (a) below.

18. 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 2013, the company has an overdraft facility with the ANZ of $100,000 with a current interest rate of 17.9%.

19. Related Party Information

I) **GENERAL**

Holding Company Financial Statements

All members of the Group are considered to be related parties of Promisia Integrative Limited.

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) At 31 December 2013, the following group companies owed amounts by way of loan or advance to Wells Investments Limited, a company owned by Garrick Wells (see Note 16 &17).

b) The company entered into a loan agreement on 21 June 2013 with Wells Investments Limited, a company owned by a retired director, Garrick Wells of Promisia Integrative Limited. Wells Investments Limited has provided a loan of $1,252,789 to the Group which is repayable within two years of this date and maybe extended for a further period as agreed. Interest is charged at a rate of 4% per annum.

	2013	2012
	$	$
Loan		
Benefit Healthcare Pty Ltd	557,396	557,396
Promisia Integrative Limited	695,393	–
Total Loan	1,252,789	567,396
Advances	–	460,961
Total Loans and Advances	**1,252,789**	**1,028,357**

The company also (i) sold its remaining dismantled plant and equipment to Garrick Wells in during December 2013 for an amount of $4,261. This amount was more than a registered independent plant valuation of $4,000 which the company has obtained for the dismantled plant. (ii) Paid yearly rent of $10,350 to Millennium Property Holdings Limited for the storage of its plant and equipment. Mr Garrick Wells is currently a director of this company.

c) During the year, no funds (2012: $58,000) were advanced to the Group by the directors for working capital requirements and no repayments were made (2012: $nil). There are no set terms for repayment and there is no interest payable.

d) At 31 December 2013 Benefit Healthcare Pty Limited owes Promisia Integrative Limited $1,217,970 (2012: $1,205,245). There are no set terms of repayment and there is no interest payable on this amount.

e) As at 31 December 2013, directors' fees and expenses are owed to:

	2013	2012
	$	$
Garrick Robert Wells	–	218,970
Eoin Malcolm Miller Johnson	99,400	80,650
Stephen Underwood	69,650	57,150
Maurice Priest	12,500	–
Thomas Brankin	6,250	–
	187,800	356,770

f) No debts with related parties have been written off or forgiven during the year.

The loan/advance balances by the directors are not secured and interest is not charged. All the directors have undertaken not to demand settlement of these balances for a period of twelve months.

20. Financial Instruments

FAIR VALUE

All financial assets and liabilities have been recognised in the financial statements of the Group. The carrying amounts of these financial assets and liabilities reflect their fair values.

The following financial assets and liabilities have been recognised in the financial statements of the Group:

GROUP	2013	2012	2013	2012
	Carrying amount	Fair value	Carrying amount	Fair value
			$	%
Cash	169	169	4	4
Receivables	51	51	30	30
Inventories	76	76	–	–
Investments	75	75	75	75
Payables	(316)	(316)	(433)	(433)
Loan/Advances	(1,253)	(1,253)	(1,018)	(1,018)

PARENT	2013	2012	2013	2012
	Carrying amount	Fair value	Carrying amount	Fair value
			$	%
Cash	144	144	2	2
Receivables	17	17	10	10
Investments	75	75	75	75
Payables	(233)	(233)	(423)	(423)
Loan/Advances	(695)	(695)	(461)	(461)

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 short-term deposits are at fixed interest rates and are on call.

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 A1. 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 $51,000 which have an ageing duration of less than six months and no defaults (2012: $30,000).

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's liabilities are primarily to the directors who have agreed not to demand payment of the outstanding balances owing to them and have undertaken to support future obligations as they fall due.

21. Segmental Reporting

The Group's activities relate to corporate investment in New Zealand. The Group's reportable segments are based on the geographic location of its activities which reflect the type of activities undertaken.

	NZ	NZ	AUSTRALIA	AUSTRALIA	CONSOLIDATED	CONSOLIDATED
	2013	2012	2013	2012	2013	2012
	$	$	$	$	$	$
Sales	160	34	–	–	34	34
Other income	2	3	–	–	2	3
Interest	(25)	(10)	(16)	–	(41)	(10)
Depreciation	–	–	(9)	(40)	(9)	(40)
Operating (Loss)	(444)	(268)	(133)	(100)	(576)	(368)
Assets	2,319	1,506	–	54	506	233
Liabilities	(1,316)	(1,099)	(1,754)	(1,926)	(1,568)	(1,537)

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	2013	2012
	$	$
New Zealand	2,319	1,506
Australia	–	54
Eliminated assets on consolidation	(1,813)	(1,327)
Total Consolidated Assets	506	233

RECONCILIATION OF SEGMENT LIABILITIES TO CONSOLIDATED LIABILITIES

Segmented Liabilities	2013	2012
	$	$
New Zealand	(1,316)	(1,099)
Australia	(1,754)	(1,926)
Eliminated liabilities on consolidation	1,502	1,488
Total Consolidated Liabilities	(1,568)	(1,537)

22. Reconciliation of Statement of Financial Performance with Net Cash Flows from Operating Activities

	GROUP		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Net (Loss) After Taxation	(576)	(368)	(322)	(160)
Add / (Less) Non-Cash Items:				
Depreciation	9	40	–	–
Loss on sale /disposal plant	34	61	–	–
Foreign exchange differences	72	(2)	–	–
Share based payment benefits	73	–	39	–
	(388)	(269)	(283)	(160)
Add / Less Movements in working capital balances:				
(Increase) Decrease in inventories	(76)	–	–	–
Increase in intercompany receivables		–	(13)	(104)
Increase / (Decrease) in payables and accruals	122	127	43	106
Decrease / (Increase) in receivables and prepayments	(86)	(12)	(12)	2
Net Cash Flows From Operating Activities	**428)**	**(154)**	**(265)**	**(156)**

23. Capital Management

The Group's existing capital is being managed by minimising its operating expenditure. The directors anticipate being able to raise additional equity funds as and when required.

24. Contingent Liabilities

There were no contingent liabilities at year end (2012: $nil).

25. Capital Commitments

There were no capital commitments at 31 December 2013 (2012: $nil).

26. Purchase Commitments

The Artemisia leaf purchase commitment at 31 December 2013 amounts to $134,892 (2012: $84,459).

27. Auditor's Remuneration

	2013	2012
	$	$
Audit of annual financial statements	15	10
Other services	–	–

28. Principal Activities of the Company

The principal activities of the Company and Group are focused on developing and marketing unique therapeutic natural products with proven safety and efficacy based on robust scientific research.

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).

Substantial Security Holders as at 19 March 2014

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	23,449,826	9.92
G R Wells	Ordinary	21,369,613	9.04
T.D.Brankin & M.J. Kirwin Lay	Ordinary	20,000,000	8.46
FNZ Custodians Limited	Ordinary	16,998,572	7.19
Daily Global Enterprises Limited	Ordinary	13,000,000	5.50
Banc of America Securities Limited	Ordinary	12,854,532	5.44

Principal Ordinary Shareholders as at 19 March 2014

The following table lists the names and holdings of the 20 largest holding parcels of quoted ordinary shares of the Company as at 19 March 2014.

Name	Number held	% Held
Aratas Investment Trust	23,449,826	9.92
T.D.Brankin & M.J. Kirwin Lay	20,000,000	8.46
FNZ Custodians Limited	16,998,572	7.19
Daily Global Enterprises Limited	13,000,000	5.50
Banc of America Securities Limited	12,854,532	5.44
G. R Wells	11,915,613	5.04
G. R Wells	9,454,000	4.00
S.Underwood	7,130,000	3.02
Templar Investments Limited	6,353,213	2.69
S.P. & J.P Ward& J.M.Ward	5,200,000	2.20
R.A. Hitt	5,000,000	2.11
Nessock Custodians Limited	4,901,922	2.07
R. Kah Boh Tan	4,502,976	1.90
J.Meng Tsang	4,150,224	1.76
J.E. Connell	4,045,000	1.71
C.A. Wells & S.J.Gibbs	4,000,000	1.69
G.R. & P.O.Wells	4,000,000	1.69
SJ & PJ Gibbs & J Harkness	4,000,000	1.69
G.R. & P.O.Wells	4,000,000	1.69
Central Nominees Limited	3,000,000	1.27
R. L. Challinor & S. D'Eyncourt Challinor	3,000,000	1.27
J.T.Daily	2,523,544	1.07
Dargie Pty Limited	2,416,687	1.02
J B Were(NZ) Nominees Limited	2,171,239	0.92
Top Twenty Shareholders	**178,072,348**	**75.32**

Total Shares on Issue

Name	No Holders	Shares Held	%
Top 20	20	178,067,348	75.32
Other Investors	1,017	58,353,079	24.68
Total	**1,037**	**236,420,427**	**100.00**

Spread of Ordinary Shareholders as at 19 March 2014

Holding Range	No of Holders	Total Shares	%
1-1,000	4	1,310	0.00
1,001-5000	446	1,400,350	0.59
5001-10,000	201	1,567,278	0.66
10,001-50,000	220	5,110,068	2.16
10,001-100,000	53	4,171,789	1.76
100,001 or more	113	224,169,632	94.82
Total	**1,037**	**236,420,427**	**100.00**

Statement of Directors' and Management Security Holdings as at 19 March 2014

Name	No Shares	%
Eoin Malcolm Miller Johnson	23,449,826	9.92
Stephen Underwood	10,130,000	4.30
Maurice Duncan Priest	4,901,922	2.07
Thomas David Brankin	20,856,156	8.46
Charles Oliver Daily	13,000,000	5.50

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 period 1 January 2013 to 31 December 2013.

Director	Date of transaction	No of securities brought / (sold)	Cost (Proceeds)
			$
Eoin Malcolm Miller Johnson			
Off market transfer	27 March 2013	1,580,000	Nil (ncbo)
Off market transfer	31 October 2013	9,100,400	Nil (ncbo)
Stephen Underwood			
Off market transfer	25 February 2013	(600,000)	Nil (ncbo)
Thomas David Brankin			
Allotment of shares	29 May 2013	20,000,000	$425,000
Maurice Duncan Priest			
Off market transfer	29 October 2013	4,901,922	Nil (ncbo)

**Nil (ncbo) means no change in beneficial ownership.*

Directors' Remuneration and Other Benefits

The names of the directors of the Company at 31 December 2013 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	$18,750 Director's Fee
S. Underwood	$12,500 Director's Fee
M.D. Priest	$12,500 Director's Fee
G.R. Wells (Resigned 5 June 2013)	$9,795 Director's Fee
T D Brankin (Appointed 5 June 2013)	$6,250 Director's Fee

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.

Share Transactions and Holdings

The share transactions effected by various directors are recorded in the Interests Register as set out on this page.

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 Limited
- Benefit Arthritis Limited
- CentrePort Properties Limited (Chairman)
- CentrePort Limited (Deputy Chairman)
- Central Stevedoring Limited
- Aongatete Coolstores Limited ** (Chairman)
- Aratas Consulting Services Limited **
- Braemore Forest Limited **
- Rosedale Forest Limited
- Aberfieldy Farms Limited **
- Brockville Forest Limited **
- Northwood Forest Limited **
- Silverwood Forest 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 Limited
- Benefit Arthritis Limited
- Renouf Corporation Limited
- Renouf Quay Company Limited
- Nalokua Holdings Limited
- Decisive Securities 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

DUNCAN PRIEST

- Promisia Limited
- Benefit Arthritis Limited
- Nessock Custodians Limited
- Logan Nominees Limited
- Anglo–New Zealand Underwriters Limited
- Mobile Magic 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

The Company's auditors only provide audit services for which a fee of $15,000 was payable for statutory audit services for the year ended 31 December 2013 (2012: $10,000).

Donations

There were no donations made during the year ended 31 December 2013 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 Companies 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 2014
& IS SIGNED ON BEHALF
OF THE BOARD BY:

E.M.M. Johnson

S. Underwood

Prōmisia