Prōmisia

"I've got my life back. I feel good about myself again."

Bronwyn, 42, Arthrem Customer

Promisia Integrative Limited **Science of Nature**

ANNUAL REPORT 31 DECEMBER 2014

The Company

Promisia Integrative Limited is a company focused 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:

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

Financial Summary

	31/12/2014	31/12/2013	Change
	$ 000	$ 000	%
Revenue	217	160	36
Total comprehensive income attributable to shareholders	(758)	(510)	49
Total Assets	1,546	507	205
Earnings per share	(0.003)	(0.002)	50
Dividend per share	Nil	Nil	-
Net Tangible Asset Backing ($ per share)	0.005	0.002	150

Significant Events

24 February 2014	Successful Grant Application for Laboratory Studies of Arthrem™
3 March 2014	Temporary Relocation of Chief Executive to United States
11 April 2014	Share Purchase Plan
22 April 2014	Preliminary Results of *in vitro* Studies of Arthrem™
19 May 2014	Successful Grant Application for Clinical Trial of Arthrem™
3 July 2014	Successful Share Purchase Plan and Additional Placement Outcome
7 August 2014	Appointment of United States Based Marketing Consultant

Post Year End

20 January 2015	Publication of Peer-reviewed Research Paper on Arthrem™

Contents

05. Report of the Chairman & Chief Executive

09. Our People – Board of Directors Management

13. Governance

17. Independent Auditor's Report

21. Financial Statements

27. Notes to the Financial Statements

45. Shareholder & Statutory Information

51. Corporate Directory & Shareholder Information

"I'm very active now... I enjoy riding my bicycle every day. Just loving it. It's great fun."

Ian, 49

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 2014.

Promisia Integrative Group Results to 31 December 2014

The Group incurred a loss of $758,000, including non-cash expenses of $32,619 and interest expenses of $52,669, for the year ended 31 December 2014 (2013: $510,000 loss). Whilst another trading loss may be disappointing for shareholders, much has been achieved to position the company for growth in the years ahead.

Revenue from the domestic sales of Arthrem™ was $216,800 in fiscal 2014, representing a 36% improvement on the $160,000 recorded the previous year.

Highlights from 2014

United States Initiative

Shareholders will recall that our Chief Executive was temporarily based in the United States for 9 months, in order to set up a sustainable commercial path for the sale of Arthrem™ in that market. During that period, Promisia set up the logistical support to allow the sale of Arthrem™ to U.S. customers. Over $110,000 of funds have been spent and capitalised, to develop a highly-automated sales and marketing e-commerce platform, which will be fully operational in the coming months. The company believes a pipeline that sells Arthrem™ direct to consumers, using a subscription-based model, is superior to a traditional distribution agreement using retail outlets to sell the product, and will result in higher profit margins. More importantly, communication channels with our customers will already be established, which is highly beneficial when we introduce new products to that market. For example, if a customer is already receiving Arthrem™ via our subscription e-commerce model and is satisfied with the product and service, then marketing other formulations to them will be straightforward.

Stock Build Up

The company undertook another full crop supercritical extraction process during 2014, and has additional raw material on hand for further extraction to meet market demand. Approximately $350,000 of cost has been invested in the building up of raw material stock to meet the company’s ambitious growth plans. The challenge for Promisia is to match, as far as possible, the supply chain characteristics of growing, harvesting, drying and extracting its proprietary plant extract to the expected demand for its products. Lead times are in excess of 18 months.

Marketing Expenditures

There have also been a number of integrated developments where marketing expenditures are concerned. $63,800 has been spent to support market development of the company’s principal product, Arthrem™.

A number of marketing initiatives, including television advertisements, have been created during the year under review. The television advertisements had limited air time prior to Christmas and can be viewed here **vimeo.com/112306976**. The New Zealand website also shows some of the new marketing media and can be viewed here **arthrem.co.nz**

Promisia will use all of these sales and marketing elements in radio, television, print media and online digital advertising in tandem, early in the second quarter. It is important to coordinate marketing and any relevant clinical elements so that the company attains the maximum market leverage possible. Pharmabroker Sales Ltd, the company’s New Zealand distributor, will also help to ensure cohesive coordination of all the different advertising elements.

Clinical Trial

As previously reported in prior announcements to the New Zealand Exchange (NZX), the company is conducting a double-blind, randomised, placebo-controlled clinical trial at the Rheumatology Research Department at Dunedin Hospital. The trial is progressing well and results are expected to be released in the early part of the 2nd quarter of this year. In 2014, over $158,000 was spent on the trial. Callaghan Innovation, a stand-alone Crown Entity, is funding 40% of the entire trial costs.

Research and Development Expenditure

There is an ongoing cost to the company for research and development expenditure, including salaries for professional staff. Callaghan Innovation is funding the salary for a 6 month scientific internship, which starts in March 2015. Promisia believes that it is essential to validate the therapeutic efficacy and safety of Arthrem™ and other products under development, with a comprehensive scientific research and development programme. This is a key strategic platform for our company and a defining point of difference for the company.

Research Paper Published for *In Vitro* Studies of Arthrem™

A research paper was published in January 2015. The paper's first author is the company's Principal Scientist, Dr Sheena Hunt. The article reports on laboratory studies that were conducted by Trinity Bioactives Limited at their Lower Hutt-based facilities.

The research paper was published in the *Journal of Inflammation Research*, a recognised and authoritative international peer-reviewed journal. It is listed in PubMed Central (PMC), an archive of biomedical and life sciences journals at the U.S. National Institutes of Health's National Library of Medicine NIH/NLM, and can be viewed using the following link **www.ncbi.nlm.nih.gov/pmc/articles/PMC4298291/**

The results from this research clearly show that the primary ingredient of Arthrem™, Promisia's proprietary plant extract, has potent anti-inflammatory activity *in vitro*. Concentrations as low as 0.05% completely inhibited production of the inflammatory mediator, tumour necrosis factor-alpha. The extract was also a strong inhibitor of the cyclooxygenase (COX) inflammatory marker, prostaglandin E2.

Capital Raising from SPP and Additional Placement

Promisia Integrative Limited launched a successful Share Purchase Plan (SPP), together with the placement of additional shares issued at the same price as offered in the SPP, being 4.08 cents per share.

The SPP raised $567,000 resulting in 13,897,025 shares being allotted, and the placement raised an additional $1,282,564 which resulted in the allotment of a further 31,435,394 shares.

Board of Directors

The board of directors was stable for 2014, following a number of changes in the previous year. The board developed and approved a Promisia Corporate Governance Code, a copy of which is loaded on the company's website.

Dividend

The Company does not intend to pay dividends until a time when recurring profit streams can be seen. 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

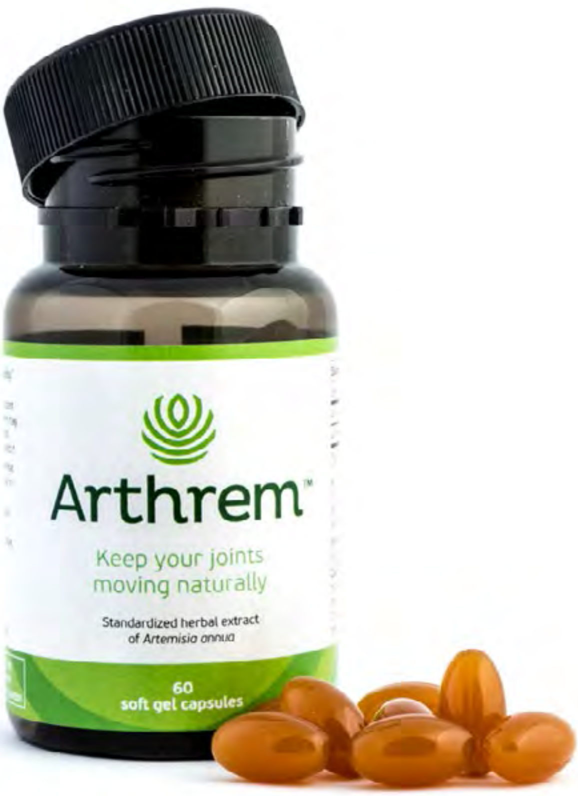
The board and management of Promisia Integrative are pleased with progress made last year. During the current year we should see further growth in sales revenues in New Zealand, but more importantly, we should see the company's platform of selling Arthrem™ direct to consumers in the U.S. become established. This pipeline will be the company's gateway for new products to be sold direct to customers in the U.S. and potentially around the world.

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™.

The Board is excited about Promisia Integrative's growth potential through increasing revenues from its flagship product Arthrem™, and the development of its pipeline of new products. It still believes, that even without positive results from the scientific research being conducted, sales will continue to grow. 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


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

“Incredible…
I’m walking again…
I’m able to move
around the kitchen
much quicker.”

Ken, 83

Our People – Board of Directors

Promisia Integrative Group Results to 31 December 2014

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 U.S. as Director of Sales and Marketing for a Federal Marketing Corporation. Responsibilities included negotiating purchase agreements with U.S. 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.

"I can play with my children... I'm out there on the trampoline."

Miriam, 47

Governance

The overall responsibility for ensuring that the Company is governed appropriately rests with the Board of Directors, safeguarding and enhancing investor confidence through good corporate governance practice and accountability. The Board of Directors formally adopted its Group Corporate Governance Code of practice during 2014.

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, 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, 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 2014 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 an 8.45% shareholding in Promisia Integrative Limited and represents its interests. He is therefore not independent.

Thomas Brankin and associated interests have a 7.23% 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 served 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	7	7	–	–
Stephen Underwood	7	7	1	1
Duncan Priest	7	7	1	1
Thomas Brankin	7	7	–	–

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 has adopted a formal share dealing policy. This 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 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 and the Financial Reporting Act 1993. It concerns accounting practices, policies and controls relative to the Company's financial position, and makes 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 of whom 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 2014 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 2014 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. Share options may be granted from time to time as an additional incentive. The Group has no employees; thus, 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:

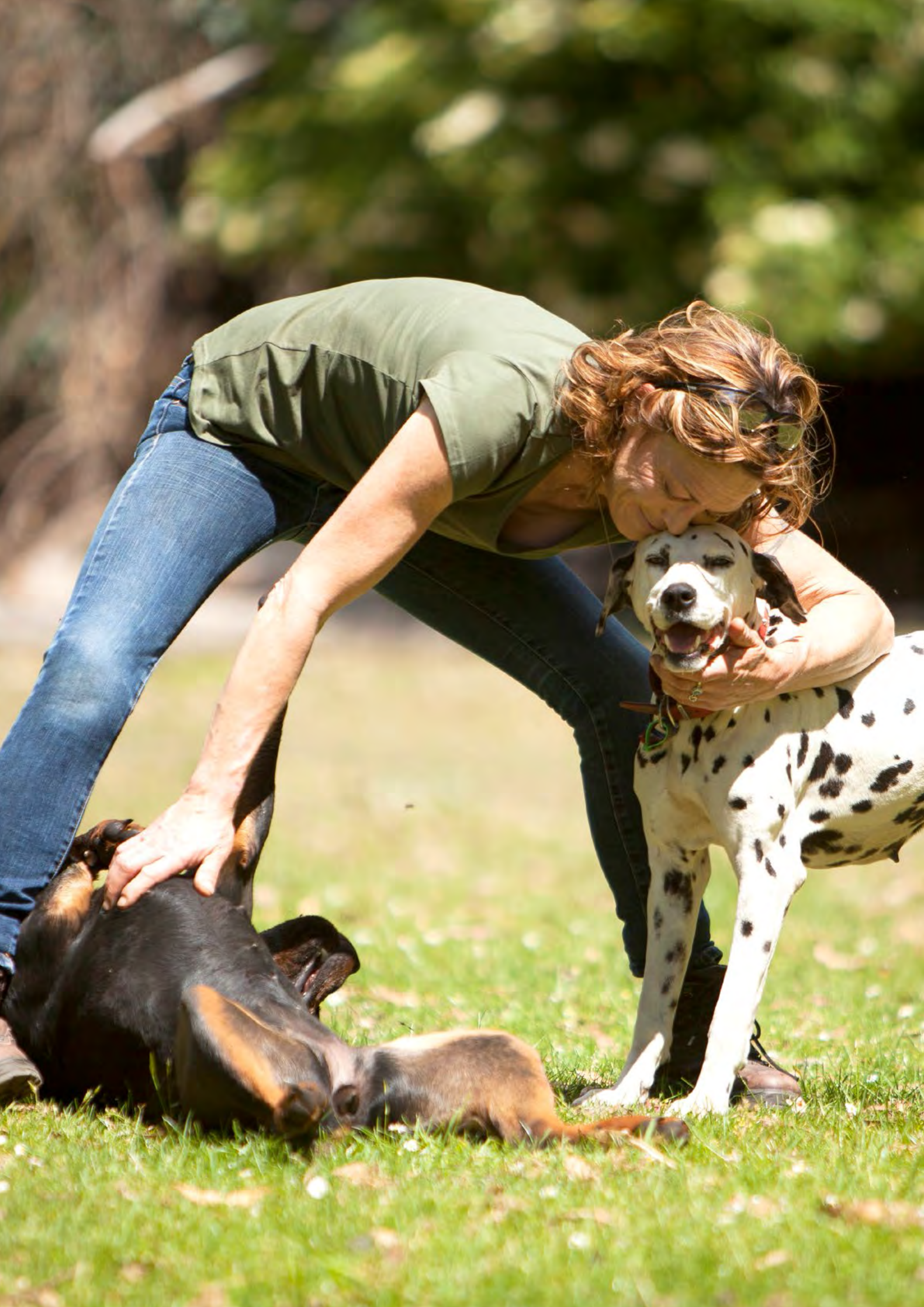
- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced form.

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 2014 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 consolidated financial statements
We have audited the consolidated financial statements of Promisia Integrative Limited and its subsidiaries on pages 21 to 43, which comprise the consolidated balance sheet as at 31 December 2014, 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 for the preparation of 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 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 the 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 audit 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 43:

- 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 2014 and financial performance and cash flows of the group for the year ended on that date.

Report on other legal and regulatory requirements

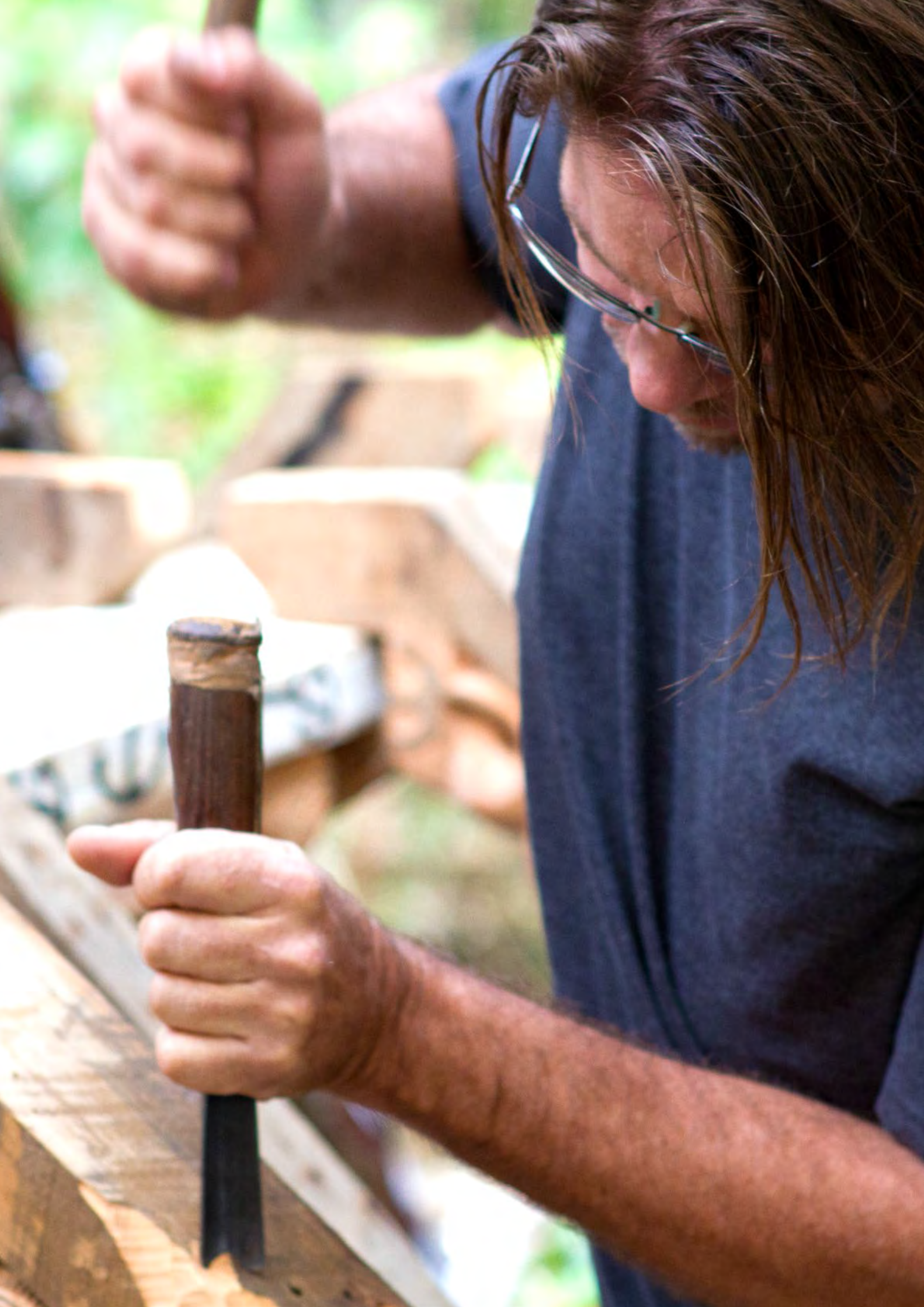
In accordance with the Financial Reporting Act 1993, we report that:

- 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 as far as appears from an examination of those records.

Moore Stephens Wellington Audit

Moore Stephens Wellington Audit | Chartered Accountants, Wellington, New Zealand

31 March 2015



Financial Statements

Promisia Integrative Limited and Subsidiaries

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

		GROUP		PARENT	
	Note	2014	2013	2014	2013
	#	$ 000	$ 000	$ 000	$ 000
Sales Revenue	3	217	160	–	–
Less: Cost of Goods Sold	4	87	(48)	–	–
		130	208	–	–
Less Expenses					
Administration	5	(367)	(429)	(315)	(333)
Operating	5	(291)	(258)	–	–
Research	5	(203)	(58)	–	–
Total Expenses		**(861)**	**(745)**	**(315)**	**(333)**
Operating (Loss)		**(731)**	**(537)**	**(315)**	**(333)**
Finance costs – interest paid		(53)	(41)	(30)	(25)
Finance income – interest received		8	2	8	2
(Loss) Before Income Tax		**(776)**	**(576)**	**(337)**	**(356)**
Income tax expense	6	-	-	-	-
Net Loss For Year		**(776)**	**(576)**	**(337)**	**(356)**
Other Comprehensive Income Items that may be subsequently reclassified to profit or loss					
Currency translation differences	10	18	66	–	–
Total Comprehensive Loss For Year Attributable To Shareholders		**(758)**	**(510)**	**(337)**	**(356)**
Earning Per Share					
Basic earnings per share	13	$(0.003)	$(0.002)	$(0.001)	$(0.002)
Diluted earnings per share	13	$(0.003)	$(0.002)	$(0.001)	$(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 43 should be read in conjunction with these financial statements.

Statement of Changes in Equity – Group

For the year ended 31 December 2014

	SHARE CAPITAL	SHARE REDEMPTION Reserve	FOREIGN CURRENCY Reserve	SHARE OPTION Reserve	ACCUM LOSSES	TOTAL
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Equity at 1 January 2013	50,219	44,678	111	-	(96,312)	(1,304)
Comprehensive Income	-	-	66	-	(576)	(510)
Share based payment	29	-	-	44	-	73
Share Issue	679	-	-	-	-	679
Transfer	-	(44,678)	-	-	44,678	-
Equity at 31 December 2013	**50,927**	**-**	**177**	**44**	**(52,210)**	**(1,062)**
Comprehensive Income	-	-	18	-	(776)	(758)
Share Issue	1,804	-	-	-	-	1,804
Share based payment	-	-	-	14	-	14
Equity at 31 December 2014	**52,731**	**-**	**195**	**58**	**(52,986)**	**(2)**

Statement of Changes in Equity – Parent

For the year ended 31 December 2014

	SHARE CAPITAL	SHARE REDEMPTION Reserve	FOREIGN CURRENCY Reserve	SHARE OPTION Reserve	ACCUM LOSSES	TOTAL
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Equity at 1 January 2013	50,219	44,678	-	-	(94,384)	513
Comprehensive Income	-	-	-	-	(356)	(356)
Share based payment	29	-	-	44	-	73
Share Issue	679	-	-	-	-	679
Transfer	-	(44,678)	-	-	44,678	-
Equity at 31 December 2013	**50,927**	**-**	**-**	**44**	**(50,062)**	**909**
Comprehensive Income	-	-	-	-	(337)	(337)
Share Issue	1,804	-	-	-	-	1,804
Share based payment	-	-	-	14	-	14
Equity at 31 December 2014	**52,731**	**-**	**-**	**58**	**(50,399)**	**2,390**

The notes on pages 27 to 43 should be read conjunction with these financial statements.

Balance Sheet

For the year ended 31 December 2014

		GROUP		PARENT	
	Note	2014	2013	2014	2013
	#	$ 000	$ 000	$ 000	$ 000
Equity					
Share Capital	**7**	52,731	50,927	52,731	50,927
Accumulated Deficit	**8**	(52,986)	(52,210)	(50,399)	(50,062)
Other Equity Reserves	**9**	253	221	58	44
Total Equity		**(2)**	**(1,062)**	**2,390**	**909**
Represented By:					
Current Assets					
Bank		648	169	658	144
Receivables	**14**	196	51	1,190	209
Inventory	**16**	417	76	-	-
Prepayments	**15**	95	131	12	72
Tax Receivable		5	5	6	5
Total Current Assets		**1,361**	**432**	**1,866**	**430**
Non-Current Assets					
Receivables - Intercompany	**14**	-	-	1,354	1,331
Investment	**18**	75	75	75	75
Intangible Assets	**17**	110	-	-	-
Total Non Current Assets		**185**	**75**	**1,429**	**1,406**
Total Assets		**1,546**	**507**	**3,295**	**1,836**
Current Liabilities					
Payables and Accruals	**19**	295	316	210	232
Loan	**20**	1,253	1,253	695	695
Total Current Liabilities		**1,548**	**1,569**	**905**	**927**
Net (Liabilities) / Assets		**(2)**	**(1,062)**	**2,390**	**909**

The notes on pages 27 to 43 should be read conjunction with these financial statements.

Balance Sheet Cont.

Authorised for issue on behalf of the Board.

E.Malcolm M. Johnson
CHAIRMAN

S. Underwood
DIRECTOR

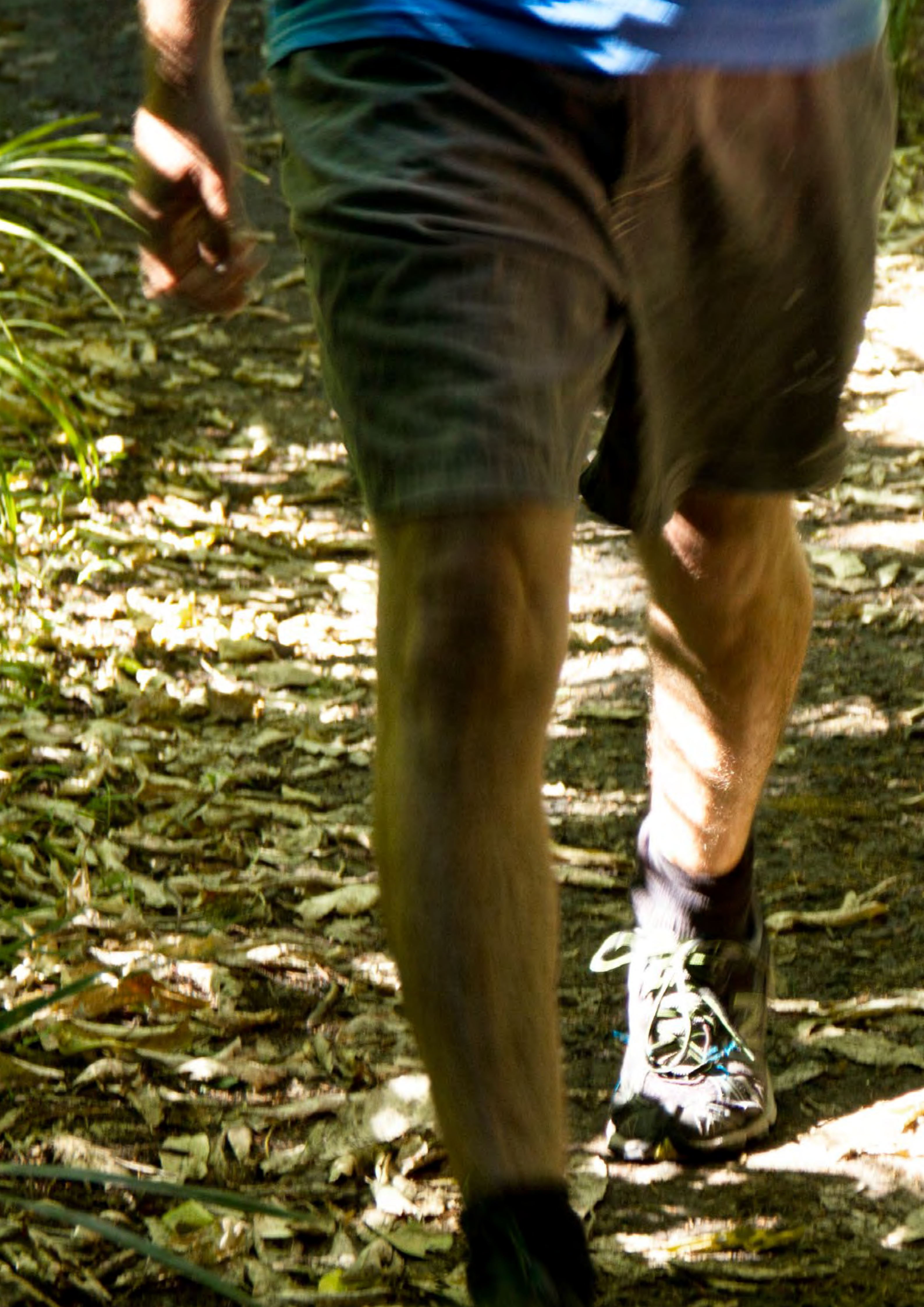
Wellington, 31 March 2015

Statement of Cash Flows

For the year ended 31 December 2014

		GROUP		PARENT	
	Note	**2014**	**2013**	**2014**	**2013**
	#	$ 000	$ 000	$ 000	$ 000
Operating Activities *Cash was provided by (applied to)*					
Interest (paid)		(45)	(27)	(45)	(27)
GST (net)		(66)	21	-	17
Receipts from customers		230	188	-	-
Payments to suppliers		(1,333)	(610)	(290)	(255)
Net Cash Used In Operating Activities	**25**	**(1,214)**	**(428)**	**(335)**	**(265)**
Investing Activities *Cash was provided from (applied to):*					
Purchase of property, plant, & equipment		(110)	-	-	-
Net Cash Used In Investing Activities		**(110)**	-	-	-
Financing Activities *Cash was provided from (applied to):*					
New share capital		1,803	679	1,803	679
Controlled entities		-	-	(954)	(186)
Net Cash From Financing Activities		**1,803**	**679**	**849**	**493**
Net Change In Cash Held		**479**	**251**	**514**	**228**
Bank (Overdraft) at beginning of year		169	(82)	144	(84)
Bank at the end of year		**648**	**169**	**658**	**144**

The notes on pages 27 to 43 should be read conjunction with these financial statements.



Notes to the Financial Statements

1. Principal Activities

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.

2. Statement of Accounting Policies

A) **REPORTING ENTITY**

Promisia Integrative Limited ('the Company') is domiciled in New Zealand, registered under the Companies Act 1993 and listed on the 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 $217,000 during the year ended 31 December 2014 (2013: $160,000) 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 the 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 twelve 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 2014 including: the setup of a sales and marketing e-commerce platform automating sales in the U.S.A., ongoing extensive marketing expenditure, clinical trials and research and development expenditure with support from a major N.Z. 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 2014, 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 – see note 22(ii)b.

D) **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

Except for the significant estimates and assumptions involved in measuring the cost of equity-settled transactions with directors and management, the preparation of the Group's consolidated financial statements does not require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

E) **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, investments in money market instruments and 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 recognised when they are delivered and ready for use by the customer.

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 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.

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.

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 assumptions made about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

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, held to maturity investments, 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 flow 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. 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 recognised 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 externally 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 Income Statement 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 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.

xvii) **Changes in accounting policies**

There have been no changes to the accounting policies for the year ended 31 December 2014.

Adoption status of relevant new financial reporting standards and interpretations:

(i) All new standards and amended standards issued and applicable from 1 January 2013 have been adopted as required; (ii) A number of new standards and amendments to standards became effective for annual period beginning after 1 January 2014; 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 2017 & 2018) and NZIFRS 15-Revenue from Contracts with customers (effective 1 January 2017).

3. Revenue

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Sales	217	160	-	-
Total Revenue	217	160	-	-

4. Cost of Goods Sold

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Opening balance inventory	76	-	-	-
Purchases	428	28	-	-
Closing balance inventory	(417)	(76)	-	-
Cost of goods sold	87	(48)	-	-

5. Analysis of Expenses

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Administration				
Auditor's Remuneration	20	15	20	15
Directors Fees	60	60	60	60
Foreign Exchange Loss (Gain)	18	72	-	-
NZX Listing & Registry	41	44	41	44
Rental	4	8	-	4
Share Based Payment	14	73	14	73
Other	210	157	180	137
Total Administration	**367**	**429**	**315**	**333**
Operating				
Depreciation	-	9	-	-
Loss On Disposal Of Assets	-	34	-	-
Other Operating Costs	291	215	-	-
Total Operating Expenses	**291**	**258**	**-**	**-**
Research				
Clinical Trials	158	38	-	-
Other Research	135	20	-	-
Less Grants	(90)	-	-	-
Total Research Expenses	**203**	**58**	**-**	**-**
Total Expenses	**861**	**745**	**315**	**333**

6. Taxation

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Net Loss for year	(776)	(576)	(337)	(356)
Taxation @ 28 cents	-	-	-	-

The Group has $2,373,000 (2013: $1,599,000) of New Zealand domiciled entity tax losses accumulated from previous years. Current tax losses are subject to IRD approval. It also has $1,734,956 (2013: $1,694,186) 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. 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 (2013: $nil).

7. Share Capital

There were 281,733,138 (2013: 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 are fully paid and have no par value.

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Opening Balance	50,927	50,219	50,927	50,219
New issued capital	1,849	526	1,849	526
Issued shares re exercise of options	-	157	-	157
Share based payment	-	29	-	29
Issue costs	(45)	(4)	(45)	(4)
Closing balance	52,731	50,927	52,731	50,927

7.1 New Issued Capital

During the year, 13.9 million ordinary shares were issued as part of a share purchase plan to raise further equity funding of $567,000 for the company's next phase of growth and development. The company also issued an additional placement of 31,415,686 ordinary shares, to raise a further $1,281,000 for investment and working capital requirement.

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)e for other details

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

	2014	2014	2013	2013
	Number of options	Weighted average of exercise price	Number of options	Weighted average of exercise price
Outstanding at 1 January	9,600,000	$0.025	-	-
Granted	17,080,000	$0.08	15,900,000	$0.025
Exercised	-	-	(6,300,000)	$0.025
Outstanding at 31 December	26,680,000	$0.06	9,600,000	$0.025

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, or there is a change in control of the company where a shareholders acquires more than 20% of the number of shares on issue, then the options held by them will vest immediately. The option holder shall be entitled to exercise all or any amount of the outstanding options, otherwise they will be forfeited.

7.3 Share based payments & options granted

During the year, the share based payment expense recognised for options granted by the company amounted to $14,275 (2013 $73,140.) 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 September 2014
Vesting period ends	26 Feb 2015	29 May 2018
Share price at date of grant	0.021 cents	0.o42 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	.014 cents	.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		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Opening balance	(52,210)	(96,312)	(50,062)	(94,384)
Net (Loss) for the year	(776)	(576)	(337)	(356)
Transfer share redemption reserve	-	44,678	-	44,678
Closing balance	(52,986)	(52,210)	(50,399)	(50,062)

The company reclassified the share redemption reserve to accumulated losses in 2013 as it no longer relates to any form of equity currently issued by the group.

9. Other Equity Reserves

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Foreign currency – note 10	195	177	-	-
Share option – note 11	58	44	58	44
	253	221	58	44

10. Foreign Currency Reserve

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Opening balance	177	111	-	-
Movement in foreign currency translation	18	66	-	-
Closing balance – note 9	195	177	-	-

11. Share Option Reserve

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Opening balance	44	-	44	-
Share options granted to CEO	14	73	14	73
Exercised and transferred to share capital	-	(29)	-	(29)
Closing balance – note 9	58	44	58	44

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

During the year, the Group set up a look-through company, “Promisia LLC”, in the U.S.A., to manage the distribution of its export products to the U.S.A.

13. Earnings Per Share

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Loss attributable to ordinary	(758)	(510)	(337)	(356)
Weighted average number of shares for basic EPS	261,375	236,420	261,375	236,420
Share options outstanding	-	9,600	-	9,600
Weighted average number of shares for diluted EPS	261,375	246,020	261,375	246,020
Basic earnings per share	$(0.003)	$(0.002)	$(0.001)	$(0.002)
Diluted earnings per share	$(0.003)	$(0.002)	$(0.001)	$(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 31 December 2014 - see note 7.2 for further details.

14. Receivables

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Current Receivables				
Trade receivables	88	16	-	-
Sundry receivables	7	-	2	-
Other taxes	101	35	43	17
Advances – subsidiaries	-	-	1145	192
Total other receivables	108	35	1,190	209
Total current receivables	**196**	**51**	**1,190**	**209**
Non Current Receivables				
Advances – subsidiaries	-	-	1,354	1,331
Total Receivables	**196**	**51**	**2,544**	**1,540**

15. Prepayments

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Overseas contractor	84	125	-	66
Other	11	6	12	6
Total Prepayments	**95**	**131**	**12**	**72**

16. Inventory

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Raw materials	251		-	-
Finished product	71	76	-	-
Raw materials in transit	95	-	-	-
Total Inventory	**417**	**76**	**-**	**-**

17. Intangible Assets

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Software Development in progress	110	-	-	-

Currently the Group is in the process of implementing an e-commerce sales and distribution system to use for its retail and distribution of its product in the U.S.A. retail market. This is due for completion at the end of March 2015. There are further capital commitments of US$48,000 for the period to 30 June 2015.

18. Investments

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
NZX Listing Bond	75	75	75	75

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

19. Payables & Accruals

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Current				
Trade Creditors	211	284	184	200
Accruals	84	32	26	32
Total Payables and Accruals	**295**	**316**	**210**	**232**

20. Loan

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Current				
Loan	1,253	1,253	695	695

The terms and conditions of the loan state that it is either fully repayable in June 2015, or maybe extended for a further period as agreed. This is yet to be determined. The above loan was from a related party as detailed in note 22(ii)b below.

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 2014, 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.

22. 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) (a) At 31 December 2014, the following Group companies owed amounts by way of loan or advance to Wells Investments Limited, a company owned by Garrick Wells (see Note 20).

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, as set out below to the Group. This loan is repayable on 22 June 2015 and may be extended for a further period as agreed. Interest is charged at a rate of 4% per annum.

	2014	2013
	$	$
Loan		
Benefit Healthcare Pty Ltd	557,396	557,396
Promisia Integrative Limited	695,393	695,393
Total Loan	**1,252,789**	**1,252,789**

c) As at 31 December 2014, directors' fees and expenses are owed to:

	2014	2013
	$	$
Eoin Malcolm Miller Johnson	99,216	99,400
Stephen Underwood	60,744	69,650
Maurice Priest	3,125	12,500
Thomas Brankin	3,125	6,250
Total	**166,210**	**187,800**

d) 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 twelve months.

e) As at 31 December 2014, options granted to directors and management and outstanding:

	POSITION	GRANTED	OUTSTANDING	PARENT	OUTSTANDING
		2014	2014	2013	2013
		$	$	$	$
E.M.M Johnson	Director	1,770	1,770	-	-
S.Underwood	Director	1,770	1,770	-	-
M.Priest	Director	1,770	1,770	-	-
T.Brankin	Director	1,770	1,770	-	-
C. Daily	CEO	8,000	17,600	15,900	9,600
Management		2,000	2,000	-	-
Total		**17,080**	**26,680**	**15,900**	**9,600**

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

	GROUP		PARENT	
	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000
Directors fees	60	60	60	60
Key contracted management	133	96	133	96
Share based payment	13	73	13	73

23. Financial Instruments

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

GROUP	2014	2014	2013	2013
	Carrying amount	Fair value	Carrying amount	Fair value
	$ 000	$ 000	$ 000	% 000
Cash	648	648	169	169
Receivables	196	196	51	51
Investments	75	75	75	75
Payables	(295)	(295)	(316)	(316)
Loan/Advances Payable	(1,253)	(1,253)	(1,253)	(1,253)

PARENT	2014	2014	2014	2013
	Carrying amount	Fair value	Carrying amount	Fair value
	$ 000	$ 000	$ 000	$ 000
Cash	658	658	144	144
Receivables	43	43	17	17
Investments	75	75	75	75
Payables	(211)	(211)	(233)	(233)
Loan/Advances Payable	(695)	(695)	(695)	(695)

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 short-term deposits are at fixed interest rates and are on call. The interest payable on the loan is fixed at 4% per annum over the term of the loan.

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 $196,000 which have an ageing duration of less than six months and no defaults - (2013: $51,000).

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	1,253	-	-	1,253
Trade & other payables	295	-	-	295
Total	1,548	-	-	1,548
PARENT				
Interest bearing loans	695	-	-	695
Trade & other payables	211	-	-	211
Total	906	-	-	906

24. 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
	2014	2013	2014	2013	2014	2013
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Sales	217	160	-	-	217	160
Other income	8	2	-	-	8	2
Interest	(31)	(25)	(22)	(16)	(53)	(41)
Depreciation	-	-	-	(9)	-	(9)
Operating (Loss)	(735)	(444)	(41)	(133)	(776)	(576)
Assets	2,787	2,319	-	-	1,546	507
Liabilities	(991)	(1,316)	(1,734)	(1,754)	(1,548)	(1,569)

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	**2014**	**2013**
	$ 000	$ 000
New Zealand	2,787	2,319
Australia	-	-
Eliminated assets on consolidation	(1,241)	(1,812)
Total Consolidated Assets	1,546	507

RECONCILIATION OF SEGMENT LIABILITIES TO CONSOLIDATED LIABILITIES

Segmented Liabilities	**2014**	**2013**
	$ 000	$ 000
New Zealand	(991)	(1,316)
Australia	(1,734)	(1,754)
Eliminated liabilities on consolidation	1,177	1,501
Total Consolidated Liabilities	(1,548)	(1,569)

25. Reconciliation of Cash Flows from Operating Activities

	GROUP		**PARENT**	
	2014	**2013**	**2014**	**2013**
	$ 000	$ 000	$ 000	$ 000
Net (Loss) for the year	**(776)**	**(576)**	**(337)**	**(322)**
Adjustments for non-cash items :				
Depreciation	-	9	-	-
Loss on sale /disposal plant	-	34	-	-
Foreign exchange differences	18	72	-	-
Share based payment benefits	14	73	14	39
Net changes in working capital:				
Change in inventories	(341)	(76)	-	-
Change in intercompany receivables	-	-	(22)	(13)
Change in payables and accruals	(20)	122	(22)	43
Change in receivables, GST and prepayments	(109)	(86)	32	(12)
Net Cash From Operating Activities	**(1,214)**	**(428)**	**(335)**	**(265)**

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.

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 U.S.A. The directors anticipate being able to raise additional equity funds as and when required.

27. Contingent Liabilities

There were no contingent liabilities at year end (2013: $nil).

28. Capital Commitments

There is a capital commitment of US$48,000 at 31 December 2014, for completing the development of the Group's e-commerce sales and distribution system for its U.S.A. retail market. (2013: $nil).

29. Purchase Commitments

The Artemisia leaf purchase commitment at 31 December 2014 amounts to $93,000. (2013: $134,892).

30. Auditor's Remuneration

Audit fees of $20,000 (2013: $15,000) were paid for the audit of the financial statements only. No other services were provided.

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 17 March 2015

The following table lists the names and holdings of the 20 largest holding parcels of quoted ordinary shares of the Company as at 17 March 2015.

Name	Number Held	% Held
Aratas Investment Trust	23,817,473	8.45
T.D.Brankin & M.J. Kirwin Lay	20,367,647	7.23
G. R Wells	18,382,590	6.52
Daily Global Enterprises Limited	13,367,647	4.74
Banc of America Securities Limited	12,854,532	4.56
Aotearoa Investment Company Pty Limited	10,539,216	3.74
S.P. & J.P Ward& J.M.Ward	10,424,510	3.70
NZ Central Securities Depository Limited	9,128,431	3.24
FNZ Custodians Limited	8,691,834	3.09
Chan Kow Moo1	8,400,000	2.98
G.R. & P.O.Wells	8,000,000	2.84
S.Underwood	7,497,647	2.66
Templar Investments Limited	6,353,213	2.26
Russell Amos Hitt`	5,000,000	1.77
John Edward Connell	4,921,857	1.75
Nessock Custodians Limited	4,901,922	1.74
R. Kah Boh Tan	4,502,976	1.60
Jat .Meng Tsang	4,150,224	1.47
C.A. Wells & S.J.Gibbs	4,000,000	1.42
SJ & PJ Gibbs & Independent Trust Company Limited	4,000,000	1.42
Central Nominees Limited	3,000,000	1.06
Top Twenty Shareholders	**192,301,719**	**68.24**

Total Shares on Issue

Name	Number of Holders	Shares Held	% Held
Top 20	21	192,301,719	68.24
Other Investors	1,073	89,431,419	31.76
Total	**1,094**	**281,733,138**	**100.00**

Spread of Ordinary Shareholders as at 17 March 2015

Holding Range	Number of Holders	Total Shares	%
1-1,000	4	1,310	0.00
1,001-5000	422	1,319,812	0.46
5001-10,000	203	1,608,024	0.57
10,001-50,000	236	5,744,858	2.04
10,001-100,000	71	5,735,599	2.04
100,001 or more	158	267,323,535	94.89
Total	**1,094**	**281,733,138**	**100.00**

Substantial Security Holders as at 17 March 2015

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	23,817,473	8.45
T.D.Brankin & M.J. Kirwin Lay	Ordinary	20,367,647	7.23
G. R Wells	Ordinary	18,382,590	6.52

Directors' and Management Security Holdings as at 17 March 2015

Name	Number of Shares	% Held
Eoin Malcolm Miller Johnson	23,817,473	8.45
Stephen Underwood	10,497,647	3.73
Thomas David Brankin	20,367,647	7.23
Charles Oliver Daily	13,367,647	4.74
Maurice Duncan Priest	4,901,922	1.74

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 2014 to 31 December 2014.

Director	Date of transaction	No of securities brought / (sold)	Cost (Proceeds)
			$
Eoin Malcolm Miller Johnson			
Share purchase plan	18 June 2014	367,647	$15,000
Stephen Underwood			
Share purchase plan	18 June 2014	367,647	$15,000
Thomas David Brankin			
Share purchase plan	18 June 2014	367,647	$15,000
Maurice Duncan Priest			
Share purchase plan	18 June 2014	367,647	$15,000

Share Transactions and Holdings

The share transactions effected by various directors are recorded in the Interests Register and their holdings are shown on page 47.

Directors' Remuneration and Other Benefits

The names of the directors of the Company at 31 December 2014 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)e.

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 Limited
- Benefit Arthritis Limited
- 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**
- 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
- Franchise Finance & Loans Limited

DUNCAN PRIEST

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

THOMAS BRANKIN

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

Auditors' Remuneration

Audit fees of $20,000 (2013: $15,000) 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 2014 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 2015 & IS SIGNED ON BEHALF OF THE BOARD BY:

E.M.M. Johnson

S. Underwood