

# Prōmisia

PROMISIA INTEGRATIVE LIMITED

SCIENCE OF NATURE

INTERIM REPORT  
30 JUNE 2016

# PROMISIA INTEGRATIVE LIMITED

## Financial Summary

For the half year ended 30 June 2016

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

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# REPORT OF THE CHAIRMAN & CHIEF EXECUTIVE

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

## **Sales**

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

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

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## **Australia**

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

## **United States of America**

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

## **Arthritis supplement for dogs**

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

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

## **Financial Results**

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

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## Research

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

## Outlook

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

Other priorities for the second half of the year include:

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

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



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**Stephen Underwood**  
CHAIRMAN



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**Charlie Daily**  
CHIEF EXECUTIVE



# FINANCIAL STATEMENTS

## Consolidated Interim Statement of Profit Or Loss and Other Comprehensive Income

For the half year ended 30 June 2016

	Unaudited 6 months June 2016 \$000	Unaudited 6 months June 2015 \$000	Audited Year Dec 2015 \$000
Sales Revenue	994	142	408
Cost of sales	(253)	(33)	(98)
	741	109	310
<b>Expenses</b>			
Operating expenses	(727)	(287)	(464)
Administration expenses	(260)	(179)	(490)
Research & Development	(94)	(132)	(234)
Amortisation	(11)	(16)	(14)
	(1,092)	(613)	(1,202)
<b>(Loss) before taxation and interest</b>	(351)	(504)	(892)
Interest expense	(27)	(28)	(62)
Interest income	12	5	8
<b>Net Loss for period before tax</b>	(366)	(527)	(946)
Income tax expense	–	–	–
<b>Loss for period</b>	(366)	(527)	(946)
<b>Other comprehensive income</b>			
Currency translation differences	11	(48)	(10)
<b>Total comprehensive (Loss) for period attributable to shareholders</b>	<b>(355)</b>	<b>(575)</b>	<b>(956)</b>
Basic earnings per share	(0.001)	(0.002)	(0.003)
Diluted earnings per share	(0.001)	(0.002)	(0.003)

## Consolidated Interim Statement of Changes in Equity

For the half year ended 30 June 2016

	Share capital	Foreign currency reserve	Share option reserve	Accumulated losses	Total equity
	\$000	\$000	\$000	\$000	\$000
<b>Unaudited</b>					
<b>Balance at 1 January 2016</b>	<b>54,225</b>	<b>185</b>	<b>57</b>	<b>(53,932)</b>	<b>535</b>
Proceeds from share issues	152	–	–	–	152
Share issue costs	(9)	–	–	–	(9)
Share based payment	–	–	22	–	22
<b>Transactions with owners</b>	<b>143</b>	<b>–</b>	<b>22</b>	<b>–</b>	<b>165</b>
Loss for period	–	–	–	(366)	(366)
Other comprehensive income	–	11	–	–	11
<b>Total comprehensive income</b>	<b>–</b>	<b>11</b>	<b>–</b>	<b>(366)</b>	<b>(355)</b>
<b>Balance at 30 June 2016</b>	<b>54,368</b>	<b>196</b>	<b>79</b>	<b>(54,298)</b>	<b>345</b>
<b>Unaudited</b>					
<b>Balance at 1 January 2015</b>	<b>52,731</b>	<b>195</b>	<b>58</b>	<b>(52,986)</b>	<b>(2)</b>
Proceeds from share issues	–	–	–	–	–
Share Issue costs	–	–	–	–	–
Share based payment	–	–	22	–	22
<b>Transactions with owners</b>	<b>–</b>	<b>–</b>	<b>22</b>	<b>–</b>	<b>22</b>
Loss for period	–	–	–	(527)	(527)
Other comprehensive income	–	(48)	–	–	(48)
<b>Total comprehensive income</b>	<b>–</b>	<b>(48)</b>	<b>–</b>	<b>(527)</b>	<b>(575)</b>
<b>Balance at 30 June 2015</b>	<b>52,731</b>	<b>147</b>	<b>80</b>	<b>(53,513)</b>	<b>(555)</b>
<b>Audited</b>					
<b>Balance at 1 January 2015</b>	<b>52,731</b>	<b>195</b>	<b>58</b>	<b>(52,986)</b>	<b>(2)</b>
Proceeds from share issues	1,538	–	–	–	1,538
Options expired	44	–	(44)	–	–
Share Issue costs	(88)	–	–	–	(88)
Share based payment	–	–	43	–	43
<b>Transactions with owners</b>	<b>1,494</b>	<b>–</b>	<b>(1)</b>	<b>–</b>	<b>1,493</b>
Loss for period	–	–	–	(946)	(946)
Other comprehensive income	–	(10)	–	–	(10)
<b>Total comprehensive income</b>	<b>–</b>	<b>(10)</b>	<b>–</b>	<b>(946)</b>	<b>(956)</b>
<b>Balance at 31 December 2015</b>	<b>54,225</b>	<b>185</b>	<b>57</b>	<b>(53,932)</b>	<b>535</b>

The accompanying notes form part of these financial statements.



## Consolidated Interim Balance Sheet

As at 30 June 2016

	Notes	Unaudited 6 months June 2016 \$000	Unaudited 6 months June 2015 \$000	Audited Year Dec 2015 \$000
<b>Equity</b>				
Share Capital	3.3	54,368	52,731	54,225
Share Option Reserve		79	80	57
Foreign Currency Reserve		196	147	185
Accumulated Losses		(54,298)	(53,513)	(53,932)
<b>Total Equity</b>		<b>345</b>	<b>(555)</b>	<b>535</b>
Represented by:				
<b>Current Assets</b>				
Bank		604	28	1,021
Receivables		339	159	102
Prepayments		76	179	42
Inventories		879	424	591
		<b>1,898</b>	<b>790</b>	<b>1,756</b>
<b>Non-Current Assets</b>				
Investments		75	75	75
Intangible Assets		112	140	115
<b>Total Assets</b>		<b>2,085</b>	<b>1,005</b>	<b>1,946</b>
less				
<b>Current Liabilities</b>				
Payables and Accruals		656	307	315
<b>Non-Current Liabilities</b>				
Loan		1,084	1,253	1,096
<b>Total Liabilities</b>		<b>1,740</b>	<b>1,560</b>	<b>1,411</b>
<b>Net Assets (Liabilities)</b>		<b>345</b>	<b>(555)</b>	<b>535</b>

## Consolidated Interim Statement of Cashflows

For the half year ended 30 June 2016

	Unaudited 6 months June 2016 \$000	Unaudited 6 months June 2015 \$000	Audited Year Dec 2015 \$000
<b>Operating Activities</b>			
Receipts from customers	791	170	534
Receipt – GST(net)	39	18	49
Payments to suppliers and employees	(1,404)	(737)	(1,421)
Interest (net)	(12)	(25)	(54)
<b>Net cash flows from (used in) operating activities</b>	(562)	(574)	(892)
<b>Investing activities</b>			
Purchasing intangible assets	(8)	(46)	(19)
<b>Net cash flows from (used in) operating activities</b>	(8)	(46)	(19)
<b>Financing activities</b>			
New share issue & costs	153	–	1,284
<b>Net cash flows from financing activities</b>	153	–	1,284
<b>Net change in cash</b>	(417)	(620)	373
Cash at start of period	1,021	648	648
<b>Cash at End of Period</b>	<b>604</b>	<b>28</b>	<b>1,021</b>

“

I got my life back.  
I feel good about  
myself again.”

*Bronwyn, 42*



# NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR  
ENDED 30 JUNE 2016

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## 1. Nature of operations

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

## 2. General information and statement of compliance

Promisia Integrative Limited is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Exchange Ltd.

The company is registered under the Companies Act 1993 and is a Financial Markets Conduct reporting entity under the Financial Markets Conduct Act 2013.

The registered office of the company is at Level 15, 171 Featherston Street, Wellington, New Zealand.

The group is a for-profit entity. The unaudited condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice New Zealand (NZ GAAP). They comply with New Zealand's Equivalent to International Financial Reporting Standards NZIAS 34: Interim Financial Reporting.

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The interim financial statements presented are those of Promisia Integrative Limited (the company) and its subsidiaries (the group).

These financial statements do not include all the information required for full financial statements and consequently should be read in conjunction with the full financial statements of the Group for the year ended 31 December 2015, which have been prepared in accordance with New Zealand Equivalent to International Financial Reporting Standards and International Financial Reporting Standards.

These interim financial statements have been prepared using the same accounting policies and methods of computation as the financial statements for the year ended 31 December 2015.

These financial statements are stated in New Zealand dollars and rounded to the nearest thousand.

## **3. Disclosures**

### **3.1 OPERATING SEGMENTS**

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

### **3.3 SHARE CAPITAL**

There have been no issues of new share capital since 31 December 2015.

However during 2015, 169 million ordinary shares were issued as part of a rights issue to raise further equity funding of \$1,690,000 for the company's next phase of growth and development.

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At 31 December 2015 the new subscribed and paid capital from the rights issue totalled \$1,538,000 with the balance of unpaid subscribed capital of \$152,000 being received in January 2016. The movement in share capital is summarised as follows:

	<b>Unaudited 6 months June 2016 \$000</b>	<b>Unaudited 6 months June 2015 \$000</b>	<b>Audited Year Dec 2015 \$000</b>
Opening balance	54,225	52,731	52,731
New subscribed and paid capital	152		1,538
Expired options	–	–	44
Issue costs	(9)	–	(88)
	54,368	52,731	54,225

### 3.4. RELATED PARTIES

During the six month period to 30 June 2016, director fees of \$30,000 (30 June 2015 - \$30,000) were paid and management fees of \$90,000 (30 June 2015 \$70,000) were paid to key management personnel. There were no other related party transactions.

### 3.5. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2016 (June 2015:\$nil).

### 3.6 CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2016 (June 2015:\$nil).

### 3.7 PURCHASE COMMITMENTS

The Artemisia leaf purchase commitment at 30 June 2016 amounts to \$52,915 (2015:\$93,000.).

**3.8** The interim financial statements to 30 June 2016 have not been audited.



“

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

*Ken, 84*

**THIS INTERIM REPORT  
IS DATED 30 JUNE 2016  
& IS SIGNED ON BEHALF  
OF THE BOARD BY:**



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**T.D. Brankin**



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**S. Underwood**