

Promisia  
HEALTH AND CARE



# Interim Report 2023

FOR THE SIX MONTHS  
ENDED 30 SEPTEMBER 2022







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# 1H23 Snapshot

For the six months ended 30 September 2022

Promisia Healthcare Limited operates four aged care facilities, specialising in high needs and specialised aged care (being resthome, hospital and dementia care). It also offers independent living in retirement villas and apartments. Promisia's facilities are located in well established and well serviced towns with strong communities and close to main centres. The company has a diversified growth strategy that includes growing its portfolio, developing existing facilities and extending its revenue mix.

## STRATEGIC PROGRESS

- Acquisition of Aldwins House on 1 April 2022
- Appointment of Stuart Bilbrough as CEO in May 2022
- Expansion of the leadership and support office team
- Investment into technology and systems
- Increasing occupancy at Aldwins House
- Good progress being made on the Ranfurly Manor Village development with strong local demand for new villas
- Board changes with appointment of industry expert Craig Percy and Helen Down stepping into the role of Acting Chair. Andrew Mitchell and Stephen Underwood both stepped down from the Board at the Annual Meeting.

## FINANCIAL PERFORMANCE

- Revenue \$11.7 million, an increase of 33% yoy
- EBITDAF<sup>1</sup> \$1.8 million, an increase of 56% yoy
- Net Profit After Tax \$0.4 million, up from a prior year comparative loss of \$0.1 million
- Total Assets \$65.9 million and Debt \$29.8 million as at 30 September 2022

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<sup>1</sup> EBITDAF is operating earnings before interest, tax, depreciation, amortisation and fair value adjustments and is a non-GAAP number.

# Chair and CEO Review

Dear Shareholder

We are pleased to report an uplift in both revenue and profit for the half year (1H23) as we continue to strengthen the business foundation and position Promisia for future growth.

Good progress has been made over the six months, as our management team has focused on ensuring the appropriate fundamentals are in place for Promisia's growth journey. We are investing in systems and our people, while continuing to focus on efficiencies across the business.

The investments we are making today are positioning our company to take advantage of the growth and higher value revenue opportunities we have identified. Our focus on growth and development, such as at Ranfurly Manor, is delivering valued new retirement living options to our communities and is underpinned by local demand.

Promisia's villages play an important part in our local communities, providing a supportive and welcoming home for senior New Zealanders. Our thanks go to our incredible team of carers and support staff, who are committed to providing high quality, personalised care to our residents every day.

## 1H23 FINANCIAL PERFORMANCE

Revenue of \$11.7 million for the six months, was a 33% increase on the prior comparative period (pcp). Across Promisia's two villages offering villas and care suites, there were five new sales and four resales of occupation rights agreements (ORAs) completed during the period.

Earnings excluding fair value movements (EBITDAF) increased by 56% year on year to \$1.8 million for the period. Promisia has reported a net profit after tax of \$0.4 million. The company is reinvesting into its growth strategy and no interim dividend has been declared.

At 30 September 2022, total assets were \$65.9 million, an increase of \$8.9 million, and included cash and cash equivalents of \$2.2m, with debt increasing to \$29.8 million. The increase in assets and debt is due to the acquisition of Aldwins House which successfully settled on 1 April 2022.

## STRATEGIC PROGRESS

We continue to execute on our strategy, with the focus increasingly moving to growth opportunities as a stronger business foundation, people and systems are established.

### Strengthening the business

Stuart Bilbrough was appointed as CEO in May 2022 and the leadership and support office team has been expanded, with a focus on value adding roles that will support and grow the Promisia business. In particular, we have welcomed Simon Cheeseman as the new Facility Manager at Aldwins House in Christchurch, and Leanne Ramlose leading village unit and care suite sales at Ranfurly Manor in Feilding. Investment has been made into technology, with systems being standardised across the group and the rollout of a new payroll and rostering system planned for completion in early 2023.

The Board appointed industry expert, Craig Percy, as an independent director in August 2022. Andrew Mitchell and Stephen Underwood stepped down from the Board at the Annual Shareholders' Meeting, with Helen Down taking on the role of Acting Chair. The Board thanks Stephen and Andrew for their contributions. In particular, Stephen provided significant value, leading the Board for a number of years and overseeing Promisia's transition into an aged care business in 2020. We have engaged an external advisor and are undertaking a Board review to ensure the appropriate governance structure and skills to lead the company forward.

### **Continue to grow occupancy at existing facilities**

A priority for FY23 is to maximise occupancy at Aldwins House. Aldwins House is a significant new facility for Promisia and one of the top 30 largest aged care facilities in New Zealand. It is in a high demand area in Christchurch and offers a good mix of hospital, resthome and young people dependent care. Occupancy was 91 of the 145 available beds as at 30 September 2022.

### **Broaden the revenue mix through the sale of retirement villas and increasing the range of services offered**

The Ranfurly Manor Village development is progressing well with strong local demand for the new villas. Sales are expected to be boosted further in 2H23, following the appointment of Leanne Ramlose as Village Sales Executive. Leanne is highly experienced, has worked in the industry for many years and is well known in the local community.

The Ranfurly Manor Village development is being undertaken on a fixed cost basis where the developer is repaid from the proceeds of each initial sale of an ORA for a new villa or care suite. This funding model is proving successful and we will consider a similar model for future developments. Promisia has strong cashflow and this will support future growth. We are actively looking for and assessing development sites in provincial areas which are near to urban centres.

We are conscious of the restraints of Government funding for the aged care industry and future developments will support a shift towards retirement village and independent living which are less dependent on Government funding. We continue to look at opportunities to develop independent living villas and care suites on new and existing sites.


### **OUTLOOK**

The focus on building a strong business foundation will continue in 2H23 and we are expecting continued earnings growth in the second half of the financial year as strategic initiatives are progressed. Revenue growth is expected to be driven by increasing sales of the new villas and care suites at Ranfurly Manor and the focus on increasing occupancy at Aldwins House.

While a smaller player in the NZX listed retirement and aged care sector, we have ambitious goals and Promisia is well positioned for growth, with strong cashflows and a growing balance sheet. We have a clear strategy being led by a new CEO with many years' industry experience and supported by an expanded management team.

Industry dynamics point to increasing demand for quality care options and we are well positioned to build off Promisia's small base and grow.

Thank you to our shareholders for your continued support.



Helen Down  
Acting Chair



Stuart Bilbrough  
Chief Executive Officer



Unaudited Consolidated Interim  
Financial Statements

**FOR THE SIX MONTHS ENDED  
30 SEPTEMBER 2022**

## **DIRECTORY**

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<b>Registered office</b>	c/- Lay Associate 66 High Street PO Box 66, Leeston 7656
<b>Directors</b>	Stephen Underwood (resigned 19th August 2022) Thomans Brankin Helen Down Andrew Mitchell (resigned 19th August 2022) Craig Percy (appointed 19th August 2022)
<b>Auditor</b>	William Buck Audit (NZ) Limited
<b>Bank</b>	Bank of New Zealand Kiwibank
<b>Solicitors</b>	Duncan Cotterill, Wellington



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 September 2022

		30 September 2022	30 September 2021
	Note	UNAUDITED \$ '000	UNAUDITED \$ '000
<b>Revenue and other income</b>			
Revenue		<u>11,673</u>	<u>8,766</u>
		<u>11,673</u>	<u>8,766</u>
<b>Less: expenses</b>			
Administration expenses		(1,315)	(1,147)
Operational expenses		(8,555)	(6,466)
Depreciation		(409)	(433)
Finance costs		<u>(1,047)</u>	<u>(837)</u>
		<u>(11,326)</u>	<u>(8,883)</u>
<b>Profit / (loss) before income tax expense</b>		347	(117)
Income tax credit		<u>35</u>	<u>6</u>
<b>Net profit / (loss) from continuing operations</b>		<u>382</u>	<u>(111)</u>
Net profit from discontinued operations		<u>-</u>	<u>19</u>
<b>Profit / (loss) for the period</b>		<u>382</u>	<u>(92)</u>
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income gain / (loss)</b>		<u><u>382</u></u>	<u><u>(92)</u></u>
<b>Earnings per share (cents per share)</b>			
Basic & diluted earnings per share from continuing operations	8	0.0018	(0.0005)
Basic & diluted earnings per share from discontinued operations	8	-	0.0001

The accompanying notes form part of these condensed consolidated financial statements.


## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022	30 September 2021	31 March 2022
	Note	UNAUDITED \$ '000	UNAUDITED \$ '000	AUDITED \$ '000
<b>Assets</b>				
Cash and cash equivalents		2,216	1,192	2,411
Trade and other receivables		2,205	1,334	2,091
Related party advances	9	538	516	558
Right of use assets		-	8,951	-
Property, plant and equipment	3	17,251	3,819	4,100
Investment properties	4	43,275	40,677	42,015
Deferred tax assets		<u>394</u>	<u>302</u>	<u>360</u>
<b>Total assets</b>		<u>65,879</u>	<u>57,003</u>	<u>51,535</u>
<b>Liabilities</b>				
Trade and other payables		4,348	3,227	4,167
Current tax liabilities		169	197	198
Borrowings	5	29,847	17,460	17,154
Lease liabilities		-	9,702	-
Occupancy rights agreements		<u>12,554</u>	<u>9,781</u>	<u>11,437</u>
<b>Total liabilities</b>		<u>46,918</u>	<u>40,367</u>	<u>32,956</u>
<b>Net assets</b>		<u>18,961</u>	<u>16,636</u>	<u>18,579</u>
<b>Equity</b>				
Share capital	6	77,276	77,276	77,276
Reserves	7	(717)	(541)	(717)
Accumulated losses		<u>(57,598)</u>	<u>(60,099)</u>	<u>(57,980)</u>
<b>Total equity</b>		<u>18,961</u>	<u>16,636</u>	<u>18,579</u>
Net tangible asset backing		0.089 cents	0.078 cents	0.087 cents

Signed on behalf of the board of directors, dated 28 November 2022

Director:   
Helen Down

Director:   
Thomas Brankin

The accompanying notes form part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2022

	Note	Contributed equity \$ '000	Reserves \$ '000	Accumulated Losses \$ '000	Total equity \$ '000
<b>Consolidated</b>					
<b>Balance as at 1 April 2021</b>		77,060	(541)	(60,007)	16,512
Loss for the period		<u>-</u>	<u>-</u>	<u>(92)</u>	<u>(92)</u>
<b>Total comprehensive income for the period</b>		<u>-</u>	<u>-</u>	<u>(92)</u>	<u>(92)</u>
<b>Transactions with owners in their capacity as owners:</b>					
Contributions		<u>216</u>	<u>-</u>	<u>-</u>	<u>216</u>
<b>Total transactions with owners in their capacity as owners</b>		<u>216</u>	<u>-</u>	<u>-</u>	<u>216</u>
<b>Balance as at 30 September 2021 (UNAUDITED)</b>		<u><u>77,276</u></u>	<u><u>(541)</u></u>	<u><u>(60,099)</u></u>	<u><u>16,636</u></u>
<b>Balance as at 1 April 2022</b>		77,276	(717)	(57,980)	18,579
Profit for the period		<u>-</u>	<u>-</u>	<u>382</u>	<u>382</u>
<b>Total comprehensive income for the period</b>		<u>-</u>	<u>-</u>	<u>382</u>	<u>382</u>
<b>Balance as at 30 September 2022 (UNAUDITED)</b>		<u><u>77,276</u></u>	<u><u>(717)</u></u>	<u><u>(57,598)</u></u>	<u><u>18,961</u></u>

The accompanying notes form part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 September 2022

	<b>30 September 2022 UNAUDITED \$ '000</b>	<b>30 September 2021 UNAUDITED \$ '000</b>
<b>Cash flow from operating activities</b>		
Receipts from residents for care fees and services	11,232	8,795
Receipts of residents' loans from new sales	2,215	3,981
Payments to suppliers and employees	(9,845)	(7,109)
Repayments of residents' loans	(595)	(4,388)
Interest paid	(1,047)	(837)
Income tax paid	(28)	(268)
Net operating cash flows from discontinued operations	<u>-</u>	<u>19</u>
<b>Net cash provided by operating activities</b>	<u>1,932</u>	<u>193</u>
<b>Cash flow from investing activities</b>		
Payment for property, plant and equipment	(13,560)	(162)
Payment for investment property	<u>(1,260)</u>	<u>-</u>
<b>Net cash used in investing activities</b>	<u>(14,820)</u>	<u>(162)</u>
<b>Cash flow from financing activities</b>		
Repayment of related party advance	20	437
Proceeds from share issue	-	216
Net proceeds from / (repayment of) borrowings	12,673	(373)
Payments for lease liabilities	<u>-</u>	<u>(338)</u>
<b>Net cash provided by / (used in) financing activities</b>	<u>12,693</u>	<u>(58)</u>
<b>Reconciliation of cash</b>		
Cash at beginning of the financial period	2,411	1,219
Net decrease in cash held	<u>(195)</u>	<u>(27)</u>
<b>Cash at end of financial period</b>	<u>2,216</u>	<u>1,192</u>

The accompanying notes form part of these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2022

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements presented are those of Promisia Healthcare Limited (the Company), and its subsidiaries (the Group). Promisia Healthcare Limited is a profit-oriented entity incorporated in New Zealand. Promisia Healthcare Limited's principal activities are the ownership and operation of retirement villages, rest homes, and hospitals for the elderly within New Zealand.

Promisia Healthcare Limited is a Financial Markets Conduct Act reporting entity under the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

These condensed consolidated financial statements have been approved for issue by the Board of Directors on 28 November 2022.

#### (a) Basis of preparation of the condensed financial report

The condensed consolidated financial statements comprise the following: condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, and condensed accounting policies and notes to the condensed consolidated financial statements.

These condensed consolidated financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting, and should be read in conjunction with the Groups' last consolidated financial statements as at and for the year ended 31 March 2022 ('last annual financial statements'). These do not include all of the information required for a complete set of NZ IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Groups' financial position and performance since the last consolidated financial statements.

The Groups' accounting policies have been applied consistently to all periods presented in these condensed financial statements.

The information is presented in New Zealand dollars, the Group's functional and presentation currency, and rounded to the nearest thousand dollars unless stated otherwise.

There is no seasonality or cyclicality of the operations.

#### (b) Going concern

The condensed consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors are comfortable that based on the historic performance, detailed cash flow projections, and the support provided by Directors, the Group will be able to meet their cash flow requirements as they fall due. The Group has reported a net profit before tax of \$0.347 million.

#### (c) Segment reporting

The Group operates a number of rest homes and retirement villages. These facilities all provide a similar product to a similar customer in the same regulatory environment.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 September 2022

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Group operates in one operating segment being the provision of aged-care in New Zealand. The chief operating decision maker, the Board of Directors, reviews the operating results on a regular basis and makes decisions on resource allocation based on the review of Group results and cash flows as a whole.

Therefore, it is appropriate to report solely on the Group performance.

	<b>30 September 2022 UNAUDITED \$ '000</b>	<b>30 September 2021 UNAUDITED \$ '000</b>
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**NOTE 2: OPERATING PROFIT**

Included in the profit / (loss) for the period are the following expenses:

- Legal & professional fees	228	190
- NZX listing & regulatory fees	41	48

	<b>30 September 2022 UNAUDITED \$ '000</b>	<b>30 September 2021 UNAUDITED \$ '000</b>	<b>31 March 2022 AUDITED \$ '000</b>
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**NOTE 3: PROPERTY, PLANT AND EQUIPMENT****Land and buildings**

At valuation	16,437	3,250	3,250
Accumulated depreciation	<u>(401)</u>	<u>(58)</u>	<u>(89)</u>
	<u>16,036</u>	<u>3,192</u>	<u>3,161</u>

**Plant and equipment**

Other at cost	1,461	765	1,087
Accumulated depreciation	<u>(246)</u>	<u>(138)</u>	<u>(148)</u>
	<u>1,215</u>	<u>627</u>	<u>939</u>
Total property, plant and equipment	<u><u>17,251</u></u>	<u><u>3,819</u></u>	<u><u>4,100</u></u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 September 2022

	30 September 2022	30 September 2021	31 March 2022
Note	UNAUDITED \$ '000	UNAUDITED \$ '000	AUDITED \$ '000

**NOTE 3: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(a) Reconciliations**

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial period

*Land and buildings at valuation*

Opening carrying amount	3,161	3,224	3,250
Additions	13,187	-	-
Depreciation expense	<u>(312)</u>	<u>(32)</u>	<u>(89)</u>
Closing carrying amount	<u>16,036</u>	<u>3,192</u>	<u>3,161</u>

*Other*

Opening carrying amount	939	532	602
Additions	373	179	485
Depreciation expense	<u>(97)</u>	<u>(85)</u>	<u>(148)</u>
Closing carrying amount	<u>1,215</u>	<u>626</u>	<u>939</u>

During April 2022 Aldwins House was purchased by the Group. Independent valuers, CBRE, were engaged by the Group to complete a purchase price allocation for tax purposes. As part of the purchase price allocation, at 15 November 2022, CBRE assessed the current market value of the land and improvements at \$13 million.

The Aldwins House property is situated in Christchurch and is measured at fair value on acquisition, including furniture and fittings, as it is an owner operated facility and is not subject to any occupancy rights agreements. Subsequent to acquisition revaluations are undertaken every three years unless there is sustained market evidence of a significant change in market value.

**NOTE 4: INVESTMENT PROPERTIES**

During the period, investment properties have increased from \$42.015m at 31 March 2022 to \$43.275m at 30 September 2022 being an increase of \$1.060m. This increase relates to further development of the Ranfurly Manor Village located next to the Ranfurly Manor Residential Care Centre in Feilding.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 September 2022

	30 September 2022	30 September 2021	31 March 2022
Note	UNAUDITED \$ '000	UNAUDITED \$ '000	AUDITED \$ '000
<b>NOTE 5: BORROWINGS</b>			
Current portion	477	346	800
Term portion	<u>29,370</u>	<u>17,114</u>	<u>16,354</u>
	<u>29,847</u>	<u>17,460</u>	<u>17,154</u>
Comprises of:			
- Hunter Funding Limited	120	-	-
- Monument Finance Limited - insurance funding	26	74	108
- BNZ - Aldwins House Limited	7,500	-	-
- BNZ - Eileen Mary Age Care Property Limited	2,900	2,900	2,900
- BNZ - Ranfurly Manor No: 1 Limited	5,430	5,430	5,430
- BNZ - Ranfurly Manor No: 1 Limited	2,201	2,886	2,546
- BNZ - Nelson Street Resthome Limited	1,170	1,170	1,170
- Senior Trust- Ranfurly Manor No: 1 Limited	6,500	5,000	5,000
- Teltower Limited	<u>4,000</u>	<u>-</u>	<u>-</u>
	<u><u>29,847</u></u>	<u><u>17,460</u></u>	<u><u>17,154</u></u>

During the period, the Group borrowed an additional \$13m of debt, to fund the acquisition of Aldwins House aged care facility. In previous periods borrowings of \$17.6m related to the acquisition of aged care facilities.

*BNZ Loans*

Term loans are secured by first mortgage security over the aged care facilities. A new term loan of \$7.5m was entered into during the period. This loan has a floating interest rate of 5.43% to 7.68% p.a. Repayment is required in full on 31 March 2025. The existing loans have interest rates of 5.15% to 7.57% at 30 September 2022 (30 Sep 2021: 4.21% to 4.42% and 31 March 2022: 2.29% to 5.15%). One loan of \$3.5m is repayable in 60 equal installments. All other BNZ loans fall due for repayment on 20 October 2023.

*Monument Finance Limited*

Funding was provided by Monument Finance Limited for the payment of insurance premiums.

*Senior Trust Limited*

Senior Trust Retirement Village Income Generator Limited holds second mortgage security over the aged care facilities. An additional \$1.5m was drawn down during the period and added to the existing loan of \$5m. This was to fund the Aldwins House acquisition. The loan is interest only with a fixed interest rate of 10.75% (30 Sep 2021: 10.75% and 31 March 2022: 10.75%) p.a. Repayment is required in full on 30 October 2024.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 September 2022

**NOTE 5: BORROWINGS (CONTINUED)***Teltower Limited*

A term loan of \$4m was entered into during the period. This loan has an interest rate of 6.0% p.a. Repayment is required in full on 1st April 2027. There is no commitment to repay principal until two years from term expiry (1st April 2025). The loan is secured by the present properties at 56 McPhee Street, Dannevirke and 62 Aldwins Road, Phillipstown as well as any after acquired property.

*Hunter Funding Limited*

New funding was provided by Hunter Funding Limited for the payment of insurance premiums.

**NOTE 6: SHARE CAPITAL**

	30 September 2022 UNAUDITED		30 September 2021 UNAUDITED	
	Number (000's)	\$ '000	Number (000's)	\$ '000
(a)				
Opening balance	21,284,975	77,276	21,021,209	77,060
Shares issued (net)	-	-	263,766	216
At reporting date	<u>21,284,975</u>	<u>77,276</u>	<u>21,284,975</u>	<u>77,276</u>

The Group's share capital includes fully paid shares.

	Note	30 September 2022 UNAUDITED \$ '000	30 September 2021 UNAUDITED \$ '000	31 March 2022 AUDITED \$ '000
<b>NOTE 7: RESERVES</b>				
Interest pooling reserve		(717)	(717)	(717)
Foreign currency translation reserve		-	176	-
		<u>(717)</u>	<u>(541)</u>	<u>(717)</u>

The interest pooling reserve has been used to record the value on acquisition of an aged care facility on 30 October 2020.

The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 September 2022

	<b>30 September 2022 UNAUDITED \$ '000</b>	<b>30 September 2021 UNAUDITED \$ '000</b>
<b>NOTE 8: EARNINGS PER SHARE</b>		
Net gain/ (loss) from continuing operations	382	(111)
Net gain/ (loss) from discontinued operations	-	19
	<b>Cents per share</b>	<b>Cents per share</b>
<b>Cents per share</b>		
Net gain/ (loss) from continuing operations	0.0018	(0.0005)
Net gain/ (loss) from discontinued operations	-	0.0001
	<b>Number of shares 000's</b>	<b>Number of shares 000's</b>
Weighted average number of shares for basic and diluted EPS	21,284,975	21,219,568

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 period. The calculation of diluted earnings per share is the same calculation as basic earnings per share as there were no share options to be exercised.

	<b>30 September 2022 UNAUDITED \$ '000</b>	<b>30 September 2021 UNAUDITED \$ '000</b>
<b>NOTE 9: RELATED PARTY TRANSACTIONS</b>		
<b>Related Party</b>	<b>Relationship</b>	
Brankin Family Interest Trust	Related to a shareholder and a Director of the Group	

In the prior period Teltower Limited was the landlord of Aldwins House and was a related party of The Wellington Company Limited (previously a substantial shareholder of the Group).

**(a) Transactions with related parties**

Lease payment to Teltower Limited	-	(488)
Directors fees*	(88)	(84)
Funds advanced by Brankin Family Interest Trust	-	437

\* Directors fees are paid monthly to all directors

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 September 2022

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**NOTE 9: RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Balances with related parties**

At reporting date \$0.538m was receivable from Brankin Family Interest Trust (30 September 2021: \$0.516m and 31 March 2022: \$0.558m).

No balances with related parties were written off or forgiven in the period.

**NOTE 10: CAPITAL COMMITMENTS**

The Group has entered into a fixed price agreement for the development land surrounding the Ranfurly Residential Care Centre. The agreement provides a period of seven years for the development of ten internal units, two 1-bedroom villas and thirty 2-bedroom villas to be completed at a fixed price of \$14.18m to be paid from the ORA sale proceeds from individual units.

At the 30th September 2022 six 2-bedroom villas had been completed and sold along with two internal care suites and a further six deposits were received for villas under construction. Over the second half of the financial year a further six villas are planned for completion.

**NOTE 11: CONTINGENT LIABILITIES**

There are no contingent liabilities at 30 September 2022. ( 30 September 2021: \$nil)

**NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE**

Promisia Healthcare Limited's subsidy owned aged care business, Ranfurly Manor Limited, has recently gone through an audit of its holiday pay calculations by the Ministry of Business, Innovation and Employment Labour Inspectorate and found to have breached sections of the Holidays Act 2003.

Promisia is proactively working with the Labour Inspector to resolve all breaches identified and agreed as requiring correction. The review period is from the 30th October 2020 when Promisia took possession of the Feilding based Ranfurly Manor business. The review is in its early stages and Promisia is currently unable to provide a directional quantification of the potential cost to the business. Managements expectation is to have any liability quantified prior to the end of the current financial year ending 31st March 2023.

Other than the events described above, there has been no other matter or circumstance, which has arisen since 30 September 2022 that has significantly affected or may significantly affect:

- (a) the operations, in financial period subsequent to 30 September 2022, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial period subsequent to 30 September 2022, of the Group.

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