Third Age Health Services Limited and subsidiaries
Financial Statements
For the year ended 31 March 2020

Contents of Financial Statements

For the year ended 31 March 2020

Third Age Health Services Limited and subsidiaries

Annual Report
For the year ended 31 March 2020

The Directors present their Annual Report including financial statements of the Group for the year ended 31 March 2020.

Directors' disclosures

The following Directors held office during the year ended 31 March 2020:

Bevan John Walsh
David William Kerr (appointed 2 May 2019)
John Samuel Ronny Fernandes
Michael Bruce Haskell
Norah Kathleen Barlow (appointed 24 June 2019)

No other person was a Director at any time during the year.

Remuneration of Directors

Total remuneration paid to Directors in their capacity as Directors during the year ended 31 March 2020 was as follows:

Director	**Total Remuneration NZ$**
Bevan John Walsh	12,000
David William Kerr	12,000
John Samuel Ronny Fernandes	12,000
Michael Bruce Haskell	Nil
Norah Kathleen Barlow	12,000

Employee remuneration

No employees received remuneration in excess of $100,000 during the year ended 31 March 2020.

Interests register

The following entries were made in the Group's interest register during the period:

- David Kerr holds a position as Chair of a client of Third Age Health Services (TAHS).
- Norah Barlow holds a position as CEO of a client of Third Age Health Services (TAHS).
- Proposed repayment of $0.57 million of loans to Bevan John Walsh.
- David Kerr, Norah Barlow and John Fernandes have elected to be paid for directors fees in TAHS shares.
- Directors and officers insurance plan with AIG Insurance has been put in place.
- Michael Haskell (CEO) provides services to TAHS under a commercially negotiated contractor arrangement.
- Indemnification of Directors to the extent allowed by the Companies Act 1993 and the company constitution.

Donations

No donations were made during the year.

For and on behalf of the Board,

Director: ______________________ Date: 4 June 2020

Director: ______________________ Date: 4 June 2020

Third Age Health Services Limited and subsidiaries

Director's Responsibility Statement

For the year ended 31 March 2020

Approval and issue of financial statements

The Directors are pleased to present the Financial Statements of Third Age Health Services Limited and subsidiaries (the 'Group') for the year ended 31 March 2020.

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of Financial Statements which fairly present the financial position of the Company as at 31 March 2020 and the results of its operations for the period ended 31 March 2020.

This Directors' Responsibility Statement and the Financial Statements are dated 4 June 2020.

For and on behalf of the Board:

Director

Director

Third Age Health Services Limited and subsidiaries

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	Group 2020 NZ$	*Restated Group 2019 NZ$
Service revenue		5,260,440	4,834,546
Cost of sales		(2,335,666)	(2,509,463)
Gross profit		**2,924,774**	**2,325,083**
Other income	4	366	2
Payments to employees and contractors	6	(749,596)	(611,685)
Other expenses		(321,831)	(262,048)
Share based payments expense	23	(185,102)	-
Professional and consulting fees		(94,303)	(105,376)
Finance costs		(70,387)	(137,521)
Depreciation and amortisation	8	(57,132)	(57,247)
Profit before income tax	5	**1,446,789**	**1,151,208**
Income tax expense	7	(471,805)	(322,993)
Profit after income tax from continuing operations		**974,984**	**828,215**
Discontinued operations			
Profit for the year from discontinued operations	17	347,632	187,423
Profit for the year		**1,322,616**	**1,015,638**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of discontinued operations		(7,119)	3,490
Total other comprehensive income		(7,119)	**3,490**
Total comprehensive income for the year		**1,315,497**	**1,019,128**
Profit for the year attributable to:			
Equity holders of the parent		1,322,616	1,050,290
Non controlling interest		-	(34,652)
		1,322,616	**1,015,638**
Total comprehensive income for the year attributable to:			
Equity holders of the parent		1,315,497	1,053,780
Non controlling interest		-	(34,652)
		1,315,497	**1,019,128**
Total comprehensive income for the year arises from:			
Continuing operations		974,984	828,215
Discontinued operations		340,513	190,913
		1,315,497	**1,019,128**

**The comparative period has been restated for the impact of discontinued operations (note 17).*

These financial statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited and subsidiaries

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	Group 2020 NZ$	Group 2019 NZ$
Current assets			
Cash and cash equivalents	11	885,681	407,575
Trade and other receivables	13	306,039	366,308
Total current assets		**1,191,720**	**773,883**
Non-current assets			
Property, plant and equipment	9	14,757	59,330
Intangible assets	10	835,303	888,735
Trade and other receivables	13	360,950	430,950
Deferred tax asset	7.2	8,239	22,159
Total non-current assets		**1,219,249**	**1,401,174**
Total assets		**2,410,969**	**2,175,057**
Current liabilities			
Trade and other payables	14	439,265	426,225
Finance lease liability		-	32,601
Borrowings	19	126,000	63,425
Current tax liabilities		156,999	205,237
Employee share purchase plan deposits	23.1	161,037	88,624
Related party payables	15	-	222,347
Total current liabilities		**883,301**	**1,038,459**
Non-current liabilities			
Borrowings	19	547,000	683,313
Related party payables	15	-	348,199
Deferred tax liability	7.2	119,689	134,650
Total non-current liabilities		**666,689**	**1,166,162**
Total liabilities		**1,549,990**	**2,204,621**
Net assets (liabilities)		**860,979**	**(29,564)**
Equity			
Share capital	24	(1,300,455)	(1,290,399)
Share based payment reserve	23	606,879	421,777
Foreign currency translation reserve	25	-	7,119
Retained earnings		1,554,555	831,939
Total equity		**860,979**	**(29,564)**

These financial statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited and subsidiaries

Consolidated Statement of Changes in Equity
For the year ended 31 March 2020

	Note	Share Capital NZ$	Foreign Currency Translation Reserve NZ$	Share Based Payment Reserve NZ$	Retained earnings NZ$	Non-controlling interest NZ$	Total NZ$
Balance at 1 April 2018		**(1,562,531)**	**3,629**	**421,777**	**81,649**	**(186,877)**	**(1,242,353)**
Profit for the year		-	-	-	1,050,290	(34,652)	**1,015,638**
Other comprehensive income	25	-	3,490	-	-	-	**3,490**
Disposal of controlling interest in subsidiary		-	-	-	-	221,529	**221,529**
Total comprehensive income for the year		**-**	**3,490**	**-**	**1,050,290**	**186,877**	**1,240,657**
Share buyback	24	(320,000)	-	-	-	-	**(320,000)**
Shares issued	24	592,132	-	-	-	-	**592,132**
Dividend		-	-	-	(300,000)	-	**(300,000)**
Balance at 31 March 2019		**(1,290,399)**	**7,119**	**421,777**	**831,939**	**-**	**(29,564)**
Profit for the year		-	-	-	1,322,616	-	**1,322,616**
Other comprehensive income	25	-	(7,119)	-	-	-	**(7,119)**
Total comprehensive income for the year		**-**	**(7,119)**	**-**	**1,322,616**	**-**	**1,315,497**
Share buyback	24	(260,946)	-	-	-	-	**(260,946)**
Shares issued	24	250,890	-	-	-	-	**250,890**
Dividend	24	-	-	-	(600,000)	-	**(600,000)**
Share based payments	23	-	-	185,102	-	-	**185,102**
Balance at 31 March 2020		**(1,300,455)**	**-**	**606,879**	**1,554,555**	**-**	**860,979**

These financial statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited and subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Note	Group 2020 NZ$	Group 2019 NZ$
Cash flows from operating activities			
Receipts from operating activities		5,644,365	5,712,139
Interest paid		(72,257)	(155,872)
Interest received		366	6
Income taxes paid		(451,084)	(235,392)
Payments to suppliers and employees		(3,780,450)	(4,266,952)
Net cash from operating activities	12	**1,340,940**	**1,053,929**
Investing Activities			
Business acquisition, net of cash acquired	16	-	(699,256)
Payments to purchase property, plant and equipment		(4,921)	(7,496)
Cash derecognised on disposal of subsidiary	17	(3,332)	(2,376)
Proceeds from disposal of Third Age Health Australia		100,096	-
Proceeds from investments		-	12,500
Payments for equity investments		-	(101,738)
Net cash flows generated by / (used in) investing activities		**91,843**	**(798,366)**
Financing Activities			
Repayment of borrowings		(795,018)	(14,260)
Proceeds from borrowings		715,000	746,738
Payments to related parties		(570,546)	(395,573)
Repayments from related parties		-	1,615
Deposits received under share purchase plan		72,413	48,468
Dividends paid		(586,799)	(285,862)
Payments for share buybacks		(3,591)	-
Proceeds from issuing shares		213,864	23,423
Net cash flows (used in) / generated by financing activities		**(954,677)**	**124,549**
Net increase in cash and cash equivalents		**478,106**	**380,112**
Cash and cash equivalents at the beginning of the year		407,575	27,463
Cash and cash equivalents at the end of the year	11	**885,681**	**407,575**

These financial statements are to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 31 March 2020

1. Reporting entity

The consolidated financial statements for Third Age Health Services Limited and its subsidiaries (the "Group") are for the economic entity comprising Third Age Health Services Limited (the "Parent") and its subsidiaries. The Parent is incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The principal trading activity of the Group is the provision of medical services to the aged care sector.

2. Statement of accounting policies

2.1 Statutory base

The Group is a reporting entity for the purposes of the Financial Reporting Act 2013 and its Financial Statements comply with that Act.

The financial statements of the Group are for the year ended 31 March 2020. The financial statements were authorised for issue by the Directors as dated in the Directors' Responsibility Statement.

2.2 Basis of preparation

The Group has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate. These financial statements comply with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. For the purposes of complying with GAAP, the Group is a for-profit entity. These financial statements have been prepared in accordance with the requirements of the Companies Act 1993.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of NZ IFRS 16 *Leases* , and measurements that have some similarities to fair value but are not fair value, such as net realisable value in NZ IAS 2 *Inventories* or value in use in NZ IAS 36 *Impairment of assets* .

2.3.1 Fair value hierarchy

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2.4 Basis of consolidation (continued)

When the Company has less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.5 Use of accounting estimates and judgements

The preparation of these financial statements requires management to make estimates and assumptions. These affect the amounts of reported revenue and expense and the measurement of assets and liabilities. Actual results could differ from these estimates. The principal areas of judgement and estimation in these financial statements are:

- Accounting for employee share purchase plans (note 23.4).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.6 Significant accounting policies

Accounting policies are disclosed within each of the applicable notes to the financial statements.

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented, except as detailed below.

During the year, the Group adopted the following new and revised NZ IFRSs:

NZ IFRS 16 *Leases*
This standard is effective from 1 April 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases. NZ IFRS 16 removes the classification of leases as either operating leases or finance leases for the leasee, effectively treating all leases as finance leases. The adoption of this standard did not impact the Group's financial position as the Group has no leases captured under this standard.

The significant accounting policies which are pervasive throughout the financial statements are set out below. Other significant accounting policies which are specific to certain transactions or balances are set out within the particular note to which they relate.

2.7 Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and position of each Group entity are expressed in NZD, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.7 Functional and presentation currency (continued)

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NZD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

2.8 Goods and services tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

- Where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST (the net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

2.9 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments are classified into the following specified categories: ‘fair value through profit or loss' (FVTPL), ‘fair value through other comprehensive income' (FVOCI) and 'at amortised cost'. The classification depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets

The Group’s financial assets consist of cash, short term deposits, trade receivables and related party receivables.

Financial assets - Cash and short term deposits
Cash and short-term deposits comprise cash at bank and on hand and short term deposits with a maturity of three months or less.

Financial assets - Trade and other receivables
Trade receivables are non-derivative financial assets and measured at amortised cost less impairment. Impairment of trade receivables is recorded through a loss allowance account (bad debt provision). The amount of the loss allowance is based on the simplified Expected Credit Loss (ECL) approach which involves the Group estimating the lifetime ECL at each balance date. The lifetime ECL is calculated using a provision matrix based on historical credit loss experience and adjusted for forward looking factors specific to the debtors and the economic environment.

Financial assets - Investment in shares
Investments in shares are classified as financial assets measured at Fair Value Through Profit or Loss (FVTPL).

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the ‘gain arising on financial assets designated as at FVTPL' line item.

Financial assets - Related party receivables
Related party receivables are measured at amortised cost. The Group does not expect any credit loss on related party receivables.

Financial assets - Derecognition of financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets - Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments - Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities and equity instruments - Financial liabilities
Financial liabilities at amortised cost (including borrowings, related party payables and trade and other payables) are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities and equity instruments - Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.10. Discontinued operations

A disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current disposal group is recognised at the date of derecognition.

Non-current assets that are part of a disposal group are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

The assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.11. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

2.11. Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with NZ IAS 12 *Income taxes* and NZ IAS 19 *Employee benefits* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. Revenue recognition

3.1. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2. Revenue from contracts with customers

Revenue from contracts with customers is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates and other similar allowances. Revenue from completed performance obligations is either recognised at a point in time or over time.

For the vast majority of arrangements recognised over time, progress is measured on a time lapsed basis.

For performance obligations recognised at a point in time, the Group recognises revenue when the customer has received the service.

Revenue has been categorised as follows:

Capitation revenue
The Group provides various medical services on a 'stand ready' basis on behalf of Primary Health Organisations (PHOs). This capitation revenue is recognised monthly based on the number of enrolled patients and the agreed rate for the particular patient. The agreed rate will be affected by the characteristics of the patient, for example, their age or gender. Revenue is recognised on an over time basis as outlined above.

Consultation revenue
The Group earns revenue from the provision of medical consultation services. Each consultation performed is a separate performance obligation satisfied at a point in time. The price for each consultation is a fixed amount based on an agreed rate card with the customer. Revenue is recognised once the consultation service has been provided.

Vaccination revenue
Each vaccination administered by the Group represents a separate performance obligation which is satisfied at a point in time once the vaccine has been given to the patient. Vaccinations are generally provided at the fixed rates payable by the Ministry of Health as part of their funded annual vaccine programme.

3.2. Revenue from contracts with customers (continued)

Revenue from contracts with customers:	**2020 NZ$**	**2019 NZ$**
Capitation revenue	1,808,194	1,156,585
Consultation revenue	3,375,262	3,501,327
Vaccination revenue	53,479	92,705
Other revenue	23,505	83,929
Total revenue from contracts with customers	**5,260,440**	**4,834,546**

4. Other income

	2020 NZ$	**2019 NZ$**
Interest income	366	2
	366	**2**

5. Items included in profit before tax

Profit before tax includes the following specific expenses:	**2020 NZ$**	**2019 NZ$**
Fees paid to auditor	35,500	56,175
Payments for low-value leases	18,446	23,166

6. Payments to employees, directors and contractors includes:

	2020 NZ$	**2019 NZ$**
Salaries and wages	691,673	602,335
Defined benefit contribution (Kiwisaver)	9,923	7,550
Directors fees	48,000	1,800
	749,596	**611,685**

7. Taxation

7.1 Income tax recognised in profit or loss relating to continuing operations

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax expense comprises:	**2020 NZ$**	**2019 NZ$**
Current income tax	472,846	360,113
Deferred income tax	(1,041)	(37,120)
Total income tax expense recognised in the current year	**471,805**	**322,993**

Income tax expense for the year can be reconciled to the accounting profit as follows:

Profit before tax from continuing operations	1,446,789	1,151,208
Income tax expense/(benefit) calculated at 28%	405,101	322,338
Effect of non deductible expenses	62,354	655
Prior period adjustments	6,430	-
Tax losses utilised during the period	(2,080)	-
Income tax expense recognised in profit or loss relating to continuing	**471,805**	**322,993**

7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

7.2 Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

7.2.1 Deferred tax balances	**2020 NZ$**	**2019 NZ$**
Deferred tax asset	8,239	22,159
Deferred tax liability	(119,689)	(134,650)
Deferred tax assets relate to:		
Provisions and accruals	8,239	22,159
Deferred tax liabilities relate to:		
Intangible assets	(119,689)	(134,650)

7.3 Unrecognised deductible temporary differences, unused tax losses, and unused tax credits

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

	2020 NZ$	**2019 NZ$**
Tax losses	-	3,137
	-	**3,137**

7.4 Imputation credits

The Group had the following imputation/franking credits available for use in subsequent periods:

- New Zealand: $615,780 (2019: $374,188)
- Australia: AUD nil (2019: nil)

8. Depreciation and amortisation	**2020 NZ$**	**2019 NZ$**
Medical equipment	1,206	972
Office equipment	2,493	2,842
Patient database	32,645	32,645
PHO agreement	20,788	20,788
	57,132	**57,247**

9. Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions
The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to profit or loss in the year in which the expense is incurred.

Disposals
When an item of property, plant or equipment is disposed of, the gain or loss recognised in the profit or loss is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

9. Property, plant and equipment (continued)

Depreciation
Depreciation is charged on a diminishing value (DV) basis on all property, plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied for each class of property, plant and equipment:

Motor vehicles	25%-30%	Office equipment	8%-67%
Medical equipment	13%-25%		

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

	2020 NZ$	2019 NZ$
Carrying amounts of:		
Medical equipment	5,563	6,353
Office equipment	9,194	10,121
Motor vehicles	-	42,856
	14,757	**59,330**

	Medical equipment NZ$	Office equipment NZ$	Motor vehicles NZ$	Total NZ$
Balance at 1 April 2018	**5,075**	**19,404**	**80,022**	**104,501**
Additions	3,848	3,648	-	7,496
Additions due to business combinations	-	6,701	-	6,701
Disposals	-	(1,616)	-	(1,616)
Eliminated on disposal of subsidiary	-	(5,579)	-	(5,579)
Foreign exchange	(8)	(156)	(1,380)	(1,544)
Balance at 31 March 2019	**8,915**	**22,402**	**78,642**	**109,959**
Additions	2,095	2,826	-	4,921
Disposals	-	-	-	-
Eliminated on disposal of subsidiary	(2,374)	(3,300)	(81,126)	(86,800)
Foreign exchange	73	42	2,484	2,599
Balance at 31 March 2020	**8,709**	**21,970**	**-**	**30,679**

Accumulated depreciation	Medical Equipment NZ$	Office equipment NZ$	Motor vehicles NZ$	Total NZ$
Balance at 1 April 2018	**(1,417)**	**(12,946)**	**(29,116)**	**(43,479)**
Depreciation expense	(1,157)	(4,130)	(7,351)	(12,638)
Eliminated on disposal	-	1,616	-	1,616
Eliminated on disposal of subsidiary	-	3,037	-	3,037
Foreign exchange	12	142	681	835
Balance at 31 March 2019	**(2,562)**	**(12,281)**	**(35,786)**	**(50,629)**
Depreciation expense	(1,293)	(2,761)	(2,931)	(6,985)
Eliminated on disposal of subsidiary	733	2,274	39,907	42,914
Foreign exchange	(24)	(8)	(1,190)	(1,222)
Balance at 31 March 2020	**(3,146)**	**(12,776)**	-	**(15,922)**

Depreciation expense includes $3,286 (2019: $8,824) in relation to discontinued operations.

10. Intangible assets

10.1. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

		2020 NZ$	2019 NZ$
Cost		407,841	407,841
Accumulated impairment losses	Note 10.1.1	-	-
		407,841	**407,841**

10.1.1. Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Goodwill has been allocated for impairment testing purposes to Hawkes Bay Wellness Centre (HBWC) Limited.

For the 2020 reporting period, the recoverable amount of the cash-generating units was determined based on value-in-use calculations which require the use of assumptions. The calculation uses cash flow projections based on a financial forecast covering a five-year period.

A forecast was generated to model the expected growth of the HBWC CGU. The following table sets out key assumptions within the forecast:

Discount Rate	Terminal growth rate	Revenue growth	EBITDA margin
15%	2%	15%	26%

The value-in-use is estimated to exceed the carrying amount of HBWC by $1.4 million. As such, there has been no impairment of the asset during the year. The Directors do not believe that a reasonably possible change in a key assumptions (described above) would cause the carrying value of HBWC to exceed its recoverable amount.

10.2. Other intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

	2020 NZ$	2019 NZ$
Patient database	142,585	175,230
PHO agreement	284,877	305,664
	427,462	**480,894**

Cost:	Patient database NZ$	PHO agreement NZ$	Total NZ$
Balance at 31 March 2019	**207,875**	**326,452**	**534,327**
Disposals/ retirements	-	-	-
Balance at 31 March 2020	**207,875**	**326,452**	**534,327**

Accumulated depreciation :	Patient database NZ$	PHO agreement NZ$	Total NZ$
Balance at 31 March 2019	**(32,645)**	**(20,788)**	**(53,433)**
Amortisation expense	(32,645)	(20,788)	**(53,433)**
Balance at 31 March 2020	**(65,290)**	**(41,576)**	**(106,866)**

The patient database and PHO agreement are amortised on a straight line basis over ten years.

11. Cash and cash equivalents

	2020 NZ$	2019 NZ$
Cash on hand and at bank	885,681	407,575
	885,681	**407,575**

12. Reconciliation of profit for the year to net cash from operating activities

	Group 2020 NZ$	Restated* Group 2019 NZ$
Profit before tax	1,446,789	1,151,208
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and other amortisation	57,132	57,247
Interest income	(366)	(2)
Share based payments expense	185,102	-
Income / expenses settled through issuance of shares	36,599	7,929
Gain/(loss) from discontinued operations	14,701	(25,817)
Working capital adjustments:		
Accounts receivable	52,519	(65,071)
Payables and provisions	(818)	163,825
	1,791,658	**1,289,319**
Interest income	366	2
Income tax paid	(451,084)	(235,392)
Net cash from operating activities	**1,340,940**	**1,053,929**

*The comparative period has been restated for the impact of discontinued operations (note 17).

13. Trade and other receivables

	2020 NZ$	2019 NZ$
Current:		
Trade receivables	306,039	357,873
Allowance for doubtful debt	-	-
GST receivable	-	8,435
Total Current	**306,039**	**366,308**
Non-current:		
Third Age Digital Health Limited (TADH) loan note	360,950	430,950
Total Non-current	**360,950**	**430,950**

The TADH loan note is interest free and on demand. The Group does not expect to demand payment within twelve months of balance date.

During the period the Group acquired $70,000 of tax losses from TADH. This transfer has been offset against the TADH loan note.

14. Trade and other payables

	2020 NZ$	2019 NZ$
Trade payables	212,788	281,034
GST payable	100,623	67,263
Withholding tax payable	27,339	13,945
Accruals and other payables	98,515	63,983
	439,265	**426,225**

15. Related Parties

15.1. Group composition

Parent entity	**Country of incorporation**		
Third Age Health Services Limited	New Zealand		
		Ownership Interest	
Subsidiaries		**2020**	**2019**
Third Age Health Australia PTY Limited (TAHA)	Australia	0%	100%
Hawkes Bay Wellness Centre Limited (HBWC)	New Zealand	100%	100%
Third Age Employee Share Purchase Plan Trust	New Zealand	100%	100%

Investments

The Group's ownership interest in all subsidiaries and investments is equal to its proportion of voting rights held. The Group has no restrictions relating to its ability to access or use the assets and settle the liabilities of the Group. During the period the Group sold its interest in TAHA.

15.2. Related party transactions

Related Party	Relationship	Nature of Transactions	2020 NZ$	2019 NZ$
Bevan Walsh	Director	Loan Interest expense	22,876	24,331
Brian Walsh	Close family member of a Director	Loan Interest expense	-	79,232

15.3 Balances with related parties

Related party payables (loans)		2020 NZ$		2019 NZ$	
Related Party	**Relationship**	**Current**	**Non-current**	**Current**	**Non-current**
Bevan Walsh	Director	-	-	222,347	348,199
		-	**-**	**222,347**	**348,199**

16. Business combinations

2019	Principal activity	Date of acquisition	Proportion of voting equity interests acquired (%)	Consideration transferred NZ$
Hawkes Bay Wellness Centre Limited	General practice medical services	11/04/2018	100	799,257

Hawkes Bay Wellness Centre (HBWC) Limited provides general practice medical services and was acquired so as to continue the expansion of the Group's core activities.

16.1. Consideration transferred

	2019 NZ$
Cash (net of cash held by HBWC at acquisition)	799,257
Total consideration transferred	**799,257**

Acquisition-related costs amounting to $19,950 have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the prior year, within the 'professional and consulting fees' line item.

16.2. Goodwill arising on acquisition

		2019 NZ$
Consideration transferred	Note 16.1	799,257
Non-current assets		
Plant and equipment		6,701
Intangible assets		534,327
Non-current liability		
Deferred tax liability		(149,612)
Goodwill arising on acquisition		**407,841**

17. Discontinued operations

Profit for the year from discontinued operations	2020 NZ$	2019 NZ$
Third Age Health Australia PTY Limited (TAHA)	347,632	35,197
Concierge Medical Services Limited (CMS)	-	152,226
	347,632	**187,423**

17.1. Disposals

During the year, the Group disposed of its wholly owned subsidiary Third Age Health Australia PTY Limited (TAHA). It was sold on 19 September 2019. TAHA is reported in the current and prior period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

During the year ended 31 March 2019, the Group disposed of its 50% owned subsidiary Concierge Medical Services Limited (CMS). It was sold on 26 November 2018 to Third Age Digital Health Limited, a company with the same shareholders as the Company. CMS is reported in the comparative period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

17.2. Financial performance and cash flow information

The financial performance and cash flow information presented are for the six months ended September 2019 (2020 column) and the year ended 31 March 2019.

		2020 NZ$	2019 NZ$
Revenue	Note 3	332,289	942,666
Expenses		(320,874)	(976,771)
Profit / (loss) before income tax		**11,415**	**(34,105)**
Income tax benefit		-	-
Profit / (loss) after income tax of discontinued operations		**11,415**	**(34,105)**
Gain on sale of subsidiary after income tax	Note 17.3	336,217	221,528
Profit/(loss) from discontinued operation		**347,632**	**187,423**
Exchange differences on translation of discontinued operations		(7,119)	3,490
Total comprehensive income from discontinued operations		**340,513**	**190,913**
Net cash inflow/(outflow) from operating activities		287	(3,044)
Net cash inflow/(outflow) from investing activities		(1,380)	49,853
Net cash inflow/(outflow) from financing activities		(19,626)	(23,662)
Net increase/(decrease) in cash generated by the subsidiaries		**(20,719)**	**23,147**

17.3. Details of the sale of subsidiaries

17.3.1. Details of the sale of TAHA

Consideration received or receivable:	2020 NZ$
Cash received	100,095
Non-cash repurchase of shares in TAHS held by the purchaser	256,928
Cash and cash equivalents disposed of	(3,332)
Net non-cash assets disposed of	(17,722)
Gain on sale before income tax and reclassification of foreign currency translation reserve	**335,969**
Reclassification of foreign currency translation reserve	248
Gain on sale after income tax	**336,217**

The carrying amounts of assets and liabilities as at the date of sale (19 September 2019) were:	2020 NZ$
Cash and cash equivalents	3,332
Trade and other receivables	2,133
Property, plant and equipment	43,886
Total assets	**49,351**
Trade and other payables	1,976
Finance lease liability	26,321
Total liabilities	**28,297**
Net assets	**21,054**

17.3.2. Details of the sale of CMS

Consideration received or receivable:		2019 NZ$
Third Age Digital Health loan note recognised	Note 13	239,212
Net liabilities disposed		203,843
Non controlling interest derecognised		(221,528)
Gain on sale after income tax		**221,527**

The carrying amounts of assets and liabilities as at the date of sale (November 2018) were:

	2019 NZ$
Cash and cash equivalents	2,376
Trade and other receivables	27,361
Property, plant and equipment	4,832
Total assets	**34,569**
Trade and other payables	238,412
Total liabilities	**238,412**
Net liabilities	**(203,843)**

18. Key management personnel compensation

	2020 NZ$	2019 NZ$
Short term benefits	344,774	242,449

19. Borrowings

	2020 NZ$	2019 NZ$
Current borrowings		
Bank Loan	126,000	63,425
Non-current borrowings		
Bank Loan	547,000	683,313

Borrowings as at 31 March 2020 consisted of a five year customised average rate term loan issued by BNZ. The term loan allows drawings up to $2.5 million and charges interest at a rate of 6.19% per annum. Loan repayments are issued monthly in arrears. The term loan contains covenants tied to the Company's EBIT to interest and EBITDA to principal coverage ratios.

Comparative period borrowings consists of two bank loans issued by Kiwibank Limited. Both loans were repaid during the current period.

20. Financial instruments

		2020 NZ$	2019 NZ$
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	*Note 11*	885,681	407,575
Trade and other receivables	*Note 13*	306,039	366,308
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	*Note 14*	439,265	426,225
Borrowings	*Note 19*	673,000	746,738
Employee share purchase loans	*Note 23.1*	161,037	88,624
Related party payables	*Note 15.3*	-	570,546

20.1. Fair value measurements

20.2. Fair value, valuation technique and unobservable inputs used in measuring investments

As at 31 March 2020, the Group has no financial assets measured at fair value.

21. Financial risks

This note presents information about the Group's exposure to each financial risk and how those risks are managed.

21.1. Market risk

The Group is divested its exposure to foreign currency risk during the period (Note 17).

The Group is not exposed to interest rate risk as the interest rate on related party payables and bank borrowings is fixed. The Group has no other borrowings at this time.

21.2. Credit risk

Credit risk is the risk of the failure of a debtor or counterparty to honour its contractual obligation resulting in financial loss to the Group.

Financial assets, which potentially subject the Group to credit risk, consist principally of cash and cash equivalents, and trade and other receivables. The maximum credit risk at 31 March 2020 is the carrying value of these assets on the balance sheet. The directors consider the Group's exposure to credit risk from these sources to be minimal given that:

- The Group's cash and cash equivalents are all held with Westpac, which is rated AA- based on rating agency Standard & Poors.
- The Group's customers are typically low credit risk and, historically, there has been minimal bad debt expense recorded.

21.3. Liquidity risk

The Group manages liquidity to ensure that it has sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk through continuous cash management and monitoring of forecast and actual cash flows.

Maturity profile

The following table details the Group’s exposure to liquidity risk.

Contractual maturity dates

		2020			
		On demand	**Less than one year**	**Greater than one year**	**Total**
Financial liabilities:					
Trade and other payables	Note 14	-	439,265	-	439,265
Borrowings	Note 19	-	126,000	547,000	673,000
Employee share purchase plan deposits	Note 23	161,037	-	-	161,037
		161,037	**565,265**	**547,000**	**1,273,302**

		2019			
		On demand	**Less than one year**	**Greater than one year**	**Total**
Financial liabilities:					
Trade and other payables	Note 14	-	426,225	-	426,225
Finance lease liability		-	32,601	-	32,601
Borrowings	Note 19	-	63,425	683,313	746,738
Employee share purchase plan deposits	Note 23	88,624	-	-	88,624
Related party payables	Note 15	-	222,347	348,199	570,546
		88,624	**744,598**	**1,031,512**	**1,864,734**

Employee share purchase plan deposits relate to deposits received on partially repaid share plans (Note 23). The Group classifies these amounts as on demand as in the event that an employee leaves or is made redundant or a contractor ceases to provide services then any repayments that have been made are returned.

21.4. Capital risk management

The Group manages its capital (comprising of cash and cash equivalents) to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group is funded through bank borrowings at this time. Management's current expectation is additional investments will be funded through existing cash reserves or external borrowing.

The Group is not subject to any externally imposed capital requirements.

22. Segment information

22.1. Products and services from which reportable segments derive their revenue

The Group's reportable segments are as follows:

- Aged medical care services New Zealand
- Aged medical care services Australia (discontinued)
- Digital health care services (discontinued)
- General practice medical services

Medical care services New Zealand - provision of medical care services to the aged care sector in New Zealand.

Medical care services Australia - provision of medical care services to the aged care sector in Victoria, Australia.

Digital health care services - provision of health care services to the aged care sector provided via digital channels.

General practice medical services - the provision of general medical care services to the community.

22.1. Products and services from which reportable segments derive their revenue (continued)

Medical care services Australia activities were discontinued during the current year. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 17.

Digital health care activities were discontinued in the year ended 31 March 2019. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 17.

During the year ended 31 March 2019, the Group acquired HBWC. This resulted in the addition of a new reportable segment, General Practice Medical Services.

22.2. Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment revenue		Segment profit (loss)	
	2020	2019	2020	2019
	NZ$	NZ$	NZ$	NZ$
Aged medical care services NZ	4,588,395	4,299,852	1,306,664	1,222,418
General practice medical services	672,045	534,694	140,126	(75,001)
Total for continuing operations	**5,260,440**	**4,834,546**	**1,446,789**	**1,147,417**

Reconciliation from segment profit to consolidated profit before income tax from continuing operations:

	2020	2019
	NZ$	NZ$
Segment profit	**1,446,789**	**1,147,417**
Foreign exchange differences	-	3,791
Profit before income tax (continuing operations)	**1,446,789**	**1,151,208**

Segment profit includes the following items:

	2020				
	EBITDA	Depreciation & amortisation	Interest expense	Interest income	Income tax expense/ (benefit)
Aged medical care services NZ	1,346,836	1,792	38,746	365	432,070
General practice medical services	227,106	55,340	31,641	1	39,735

	2019				
	EBITDA	Depreciation & amortisation	Interest expense	Interest income	Income tax expense/ (benefit)
Aged medical care services NZ	1,316,656	1,807	92,431	6,272	340,429
General practice medical services	25,529	55,440	45,090	2	(17,436)

22.3. Segment assets and liabilities

	2020	2019
Segment assets	NZ$	NZ$
Aged medical care services New Zealand	2,036,049	1,487,284
General practice medical services	374,920	106,072
Total segment assets	**2,410,969**	**1,593,355**
Unallocated	-	503,423
Assets relating to Aged medical care services Australia (now discontinued)	-	78,279
Consolidated total assets	**2,410,969**	**2,175,057**

	2020	2019
Segment liabilities	NZ$	NZ$
Aged medical care services New Zealand	1,271,328	1,242,274
General practice medical services	278,662	156,194
Total segment liabilities	**1,549,990**	**1,398,468**
Unallocated	-	514,381
Liabilities relating to Aged medical care services Australia (now discontinued)	-	291,772
Consolidated total liabilities	**1,549,990**	**2,204,621**

22.4. Geographical information

During the year ended 31 March 2020, the Group engaged in operating activity within New Zealand and Australia. The Group's reportable segments operated in the following geographic areas.

Reportable segment	Geographic region
Aged medical care services New Zealand	New Zealand
Aged medical care services Australia (discontinued)	Australia
General practice medical services	New Zealand

22.5. Information about major customers

Included in total revenue are revenues that arose from services provided to the Group's largest customers.

The Group derived revenue from the following significant customers:	2020 NZ$	2019 NZ$
Customer 1	1,188,442	1,174,002
Customer 2	591,487	634,892
Customer 3	-	794,554
	1,779,929	**2,603,448**

No other single customers contributed 10% or more to the Group's revenue for both 2020 and 2019.

23. Share Based Payments Reserve

	2020 NZ$	2019 NZ$
Share based payments expense for the year	185,102	-

The Company offers a share purchase plan to certain employees and contractors. Under this scheme, select employees are given the option to purchase shares at a fixed price. This fixed price is set by the Board and is based on their assessment of the market value of the Company. Further information about the scheme can be found in Note 23.1.

23.1. Employee share purchase plan

The Company operates a share purchase plan ('SPP') for certain employees and contractors ('participants'). Under the SPP, participants are provided with a "loan" to purchase an agreed number of shares in the Company at a share price established by the Board. The share price is estimated by the Board based on their assessment of the fair value of the company at the time. The loans are typically for a 36 or 60 month term, interest free with monthly repayments. They are secured against the shares. The shares are held on trust by the Third Age Employee Share Purchase Plan Trust until such time as the loans are fully repaid. Participants are permitted to repay the loans at any time. In the event that an employee leaves or is made redundant or a contractor ceases to provide services then any repayments that have been made are returned and the allotted shares are returned to the pool.

Under NZ IFRS 2 Share-based payment, this type of arrangement is accounted for as an 'in substance' share option - an equity settled share-based payment. The loans are not recognised as assets of the Company as they are only secured against the underlying shares and are considered limited in recourse. Instead, the fair value of the arrangement is calculated at grant date and is recognised over the vesting period of the arrangement as a share-based payment expense in profit or loss and accumulated in the share-based payment reserve. The share options vest immediately as there are no service or performance conditions and participants are able to repay their loans in full at any time and have their shares issued. Partial repayments made under the loans are recorded as a liability until such time as the loan is repaid in full at which time the shares are issued and amounts are recognised as share capital in equity.

	2020 NZ$	2019 NZ$
Deposits received on partially repaid share plans	161,037	88,624
	161,037	**88,624**

23.2. Movements in shares held on behalf of participants during the year

	2020		2019	
	Number of shares	Weighted average share purchase price NZ$	Number of shares	Weighted average share purchase price NZ$
Balance at 1 April	130,000	1.55	2,122	134
Granted during the year	200,000	1.71	-	-
Fully paid and issued during the year	-	-	(822)	100
Increase due to share split	-	-	128,700	-
Balance at 31 March	**330,000**	**1.65**	**130,000**	**1.55**

The share purchase price for shares held on behalf of participants at 31 March 2020 was $1.71 (2019: ranged from $1.51 to $1.60).

23.3. Fair value of share rights granted

The fair value of share rights granted during the year ended 31 March 2020 have been calculated using the Black-Scholes-Merton option pricing method. The following table lists the key inputs to the valuations:

Grant Date	Share Purchase Price	Expected Term (years)	Share Price at Grant Date	Expected Volatility	Risk Free Rate for Term
9-Apr-19	1.71	5	1.71	64%	1.54%

23.4 Key estimates and judgements

The Group has determined that the Black-Scholes-Merton model is an appropriate model to determine the fair value of its share options (note 23.2). The Black Scholes model requires several inputs to be estimated including volatility, share price at grant date, term and dividend yield. The key assumptions around the Group's share options are disclosed above.

If the ordinary share price used in the valuation of share options granted during the 31 March 2020 year was 20% lower and all other variables were held the same, the expense recognised in the year ended 31 March 2020 would have been $37,020 lower. If the volatility used in the option valuation were 20% higher and all other variables held the same, the expense recognised would have been $27,463 higher.

24. Share capital

	2020		2019	
	NZ$	# of shares	NZ$	# of shares
Balance at 1 April	(1,290,399)	9,020,908	(1,562,531)	88,138
Shares issued	250,890	140,288	592,132	407,108
Share buyback	(260,946)	(152,600)	(320,000)	(2,000)
Share split	-	-	-	8,527,662
Balance at 31 March	**(1,300,455)**	**9,008,596**	**(1,290,399)**	**9,020,908**

Ordinary shares
All ordinary shares rank equally with one vote attached to each fully paid share.

Third Age Employee Share Purchase Plan Trust
The Company has established a Share Trust, the Third Age Employee Share Purchase Plan Trust ('Share Trust'). The Share Trust holds shares in the Company either on Trust for participants in the SPP or as a pool. The Share Trust is controlled by the Company and is therefore consolidated. Any shares held by the Share Trust are treated as treasury stock and not included within the Group number of shares on issue. At 31 March 2020 there were 838,804 (2019: 979,092) shares held by the Share Trust. Of these shares, 330,000 (2019: 130,000) were held on behalf of SPP participants.

Treasury stock
In addition to the shares held by the Share Trust, the Company held 152,600 shares (2019: Nil) of treasury stock as at the balance date.

Dividend
In March 2020, a dividend of 6.66 cents per share (total dividend of $600,000 net of imputation credits) was issued to holders of fully paid ordinary shares (2019: $300,000).

25. Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. NZD) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

26. Contingent liabilities and contingent assets

The Group has no contingent liabilities or contingent assets as at 31 March 2020.

27. Subsequent events

On 1 April 2020 HBWC entered into a 5 year leasing arrangement for the 536 Kennedy road property. This lease requires payments of $5,095 per month and is subject to a rent increase on 1 April 2022. This agreement will not have a material impact on the Group's 31 March 2021 financial statements.

No other matter or circumstances has occurred subsequent to year end that has significantly affected or may affect, the operations of the Group, the results of those operations or the state of affairs of the entity in subsequent financial years.

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Independent auditor's report to the Shareholders of Third Age Health Services Limited

Opinion

We have audited the financial statements of Third Age Health Services Limited ("the Company") and its subsidiaries (together "the Group") on pages 5 to 26 which comprise the consolidated statement of financial position of the Group as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 5 to 26 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the company or its subsidiary. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the Group, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/ . This description forms part of our auditor's report.

Ernst + Young
Chartered Accountants
Auckland
04 June 2020