

Third Age Health Services Limited and subsidiaries
Interim Condensed Financial Statements
For the six month period ended 30 September 2020

Third Age Health Services Limited and subsidiaries

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For the six month period ended 30 September 2020

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Third Age Health Services Limited and subsidiaries

Director's Responsibility Statement

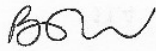
For the six month period ended 30 September 2020

Approval and issue of financial statements

The Directors are pleased to present the interim Financial Statements of Third Age Health Services Limited and subsidiaries (the 'Group') for the six month period ended 30 September 2020.

The Board of Directors of the Group authorised the financial statements set out on pages 4 to 11 for issue on 17 December 2020.

For and on behalf of the Board:



Director



Director

Third Age Health Services Limited and subsidiaries

Consolidated Statement of Comprehensive Income

For the six month period ended 30 September 2020

	Note	Group 30-Sep-20 NZ\$	Group 30-Sep-19 NZ\$
Service revenue	4	2,757,521	2,796,576
Cost of sales		(1,096,636)	(1,295,366)
Gross profit		1,660,885	1,501,210
Other income		14,293	212
Payments to employees and contractors		(596,925)	(379,051)
Other expenses		(127,095)	(191,779)
Finance costs		(26,800)	(44,566)
Share based payments expense		-	(185,102)
Professional and consulting fees		(35,034)	(75,765)
Depreciation & amortisation		(56,766)	(28,338)
Profit before income tax		832,558	596,821
Income tax expense	5	(235,452)	(210,288)
Profit after income tax from continuing operations		597,106	386,533
Discontinued operations			
Profit for the year from discontinued operations		-	347,633
Profit for the year		597,106	734,166
Total comprehensive income for the year		597,106	734,166

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 30 September 2020

	Group 30-Sep-20	Group 31-Mar-20
Note	NZ\$	NZ\$
Current assets		
Cash and cash equivalents	1,309,117	885,681
Trade and other receivables	356,783	306,039
Total current assets	1,665,900	1,191,720
Non-current assets		
Property, plant and equipment	13,104	14,757
Right-of-use-assets	8 255,571	-
Intangible assets	808,585	835,303
Trade and other receivables	360,950	360,950
Deferred tax asset	5.2 10,258	8,239
Total non-current assets	1,448,468	1,219,249
Total assets	3,114,368	2,410,969
Current liabilities		
Trade and other payables	531,272	439,265
Borrowings	7 -	126,000
Current tax liabilities	353,341	156,999
Employee share purchase plan deposits	163,905	161,037
Lease liabilities	8 51,938	-
Total current liabilities	1,100,456	883,301
Non-current liabilities		
Borrowings	7 -	547,000
Lease liabilities	8 206,828	-
Deferred tax liability	5.2 112,209	119,689
Total non-current liabilities	319,037	666,689
Total liabilities	1,419,493	1,549,990
Net assets	1,694,875	860,979
Equity		
Share capital	10 (1,063,665)	(1,300,455)
Share based payment reserve	606,879	606,879
Retained earnings	2,151,661	1,554,555
Total equity	1,694,875	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 Changes in Equity

For the six month period ended 30 September 2020

	Share Capital NZ\$	Foreign Currency Translation Reserve NZ\$	Share Based Payment Reserve NZ\$	Retained earnings NZ\$	Total NZ\$
Balance at 1 April 2019	(1,290,399)	7,119	421,777	831,939	(29,564)
Profit for the year	-	-	-	734,166	734,166
Other comprehensive income	-	(7,119)	-	-	(7,119)
Total comprehensive income for the year	-	(7,119)	-	734,166	727,047
Share buyback	10 (257,355)	-	-	-	(257,355)
Shares issued	10 499	-	-	-	499
Share based payments	-	-	185,102	-	185,102
Balance at 30 September 2019	(1,547,255)	-	606,879	1,566,105	625,729
Balance at 1 April 2020	(1,300,455)	-	606,879	1,554,555	860,979
Profit for the year	-	-	-	597,106	597,106
Total comprehensive income for the year	-	-	-	597,106	597,106
Shares issued	10 236,790	-	-	-	236,790
Balance at 30 September 2020	(1,063,665)	-	606,879	2,151,661	1,694,875

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 six month period ended 30 September 2020

	Group 30-Sep-20 NZ\$	Group 30-Sep-19 NZ\$
Cash flows from operating activities		
Receipts from other operating activities	2,706,780	3,135,503
Interest paid	(26,800)	(46,436)
Interest received	14,293	212
Income taxes paid	(48,609)	(326,303)
Payments to suppliers and employees	(1,614,083)	(2,205,275)
Net cash from operating activities	1,031,581	557,701
Investing Activities		
Cash derecognised on disposal of subsidiary	-	(3,332)
Payments to purchase property, plant and equipment	-	(4,225)
Net cash flows used in investing activities	-	(7,557)
Financing Activities		
Repayment of borrowings	(673,000)	(37,273)
Payments to related parties	-	(571,810)
Deposits received under share purchase plan	81,672	27,118
Proceeds from disposal of Third Age Health Australia	-	100,096
Principal elements of lease payments	(25,202)	-
Proceeds from issuing shares	8,385	72
Net cash flows from financing activities	(608,145)	(481,797)
Net increase in cash and cash equivalents	423,436	68,347
Cash and cash equivalents at the beginning of the year	885,681	407,575
Cash and cash equivalents at the end of the year	1,309,117	475,922

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

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the six month period ended 30 September 2020

1. Reporting entity

The consolidated interim 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. These condensed consolidated interim financial statements are for the 6 months ended 30 September 2020.

2. Significant accounting policies

2.1 Statement of compliance and reporting framework

The condensed consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalent to International Accounting Standard 34 ("NZ IAS 34") Interim Financial Reporting.

The interim financial statements do not include all of the information required for full year financial statements and should be read in conjunction with the company's annual financial report for the year ended 31 March 2020.

Consistent accounting policies with the full financial statements for the year ended 31 March 2020 have been applied in preparation of these interim financial statements.

2.2 Basis of preparation

The financial statements for the six months ended 30 September 2020 and the comparative six months ended 30 September 2019 are unaudited.

2.3 COVID-19

The novel coronavirus COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020. While the COVID-19 pandemic existed at reporting date, it is not possible to estimate the exact impact of the outbreak's near-term and longer effects or New Zealand Government's varying efforts to combat the outbreak and support businesses. The Company continues to monitor the impact of COVID 19 both locally and globally as well as the recommendations from the New Zealand Government.

Notwithstanding this uncertainty we have considered the impact of the COVID-19 pandemic on the financial statements for the 6 month period ended 30 September 2020 and no adjustments to the 30 September 2020 balances were necessary.

The Group made a claim under the New Zealand COVID-19 Wage Subsidy scheme. The claim was made on a subsidiary-by-subsidary basis with not all subsidiaries meeting the eligibility criteria of the scheme. As a result of the claim, the Group received a total subsidy of \$33,689. Revenue did not drop as initially predicted, therefore the Group has initiated proceedings to return the wage subsidy and has recognised a return liability accordingly as at 30 September 2020.

3. Segment information

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

The Group's reportable segments are as follows:

- Aged medical care services New Zealand
- General practice medical services

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

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

3.2. 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	
	30-Sep-20 NZ\$	30-Sep-19 NZ\$	30-Sep-20 NZ\$	30-Sep-19 NZ\$
Aged medical care services NZ	2,387,058	2,464,618	741,025	531,114
General practice medical services	370,463	331,958	91,533	65,707
Total for continuing operations	2,757,521	2,796,576	832,558	596,821

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the six month period ended 30 September 2020

Segment profit includes the following items:

	30-Sep-20				
	EBITDA	Depreciation & amortisation	Interest expense	Interest income	Income tax expense
Aged medical care services NZ	749,023	859	21,432	14,293	208,815
General practice medical services	152,808	55,907	5,368	-	26,637
	30-Sep-19				
	EBITDA	Depreciation & amortisation	Interest expense	Interest income	Income tax expense
Aged medical care services NZ	555,753	809	24,041	212	189,955
General practice medical services	113,760	27,529	20,525	-	20,333

3.3. Segment assets and liabilities

Segment assets

	30-Sep-20 NZ\$	31-Mar-20 NZ\$
Aged medical care services New Zealand	2,406,915	2,036,049
General practice medical services	707,453	374,920
Total segment assets	3,114,368	2,410,969

Segment liabilities

	30-Sep-20 NZ\$	31-Mar-20 NZ\$
Aged medical care services New Zealand	819,761	1,271,328
General practice medical services	599,732	278,662
Total segment liabilities	1,419,493	1,549,990

4. Revenue recognition

Revenue from contracts with customers:

	30-Sep-20 NZ\$	30-Sep-19 NZ\$
Capitation revenue	1,031,367	864,501
Consultation revenue	1,563,016	1,867,307
Vaccination revenue	69,857	53,479
Other revenue	93,281	11,289
Total revenue from contracts with customers	2,757,521	2,796,576

5. Taxation

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

Tax expense comprises:

	30-Sep-20 NZ\$	30-Sep-19 NZ\$
Current income tax	244,951	207,975
Deferred income tax	(9,499)	2,313
Total income tax expense recognised in the current year	235,452	210,288

5.2 Deferred tax

	30-Sep-20 NZ\$	31-Mar-20 NZ\$
Deferred tax asset	10,258	8,239
Deferred tax liability	(112,209)	(119,689)
Deferred tax assets relate to:		
Provisions and accruals	10,258	8,239.00
Deferred tax liabilities relate to:		
Intangible assets	(112,209)	(119,689)

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the six month period ended 30 September 2020

6. Disposal

During the comparative period, 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 prior period as a discontinued operation.

7. Borrowings

All bank borrowings were repaid during the six month period ended 30 September 2020.

8. Leases

On 1 April 2020, Hawkes Bay Wellness Centre entered into a lease at 536 Kennedy Road, Napier, New Zealand. This lease is for a term of 5 years with one right of renewal of 5 years, with final expiry date of 31 March 2030.

(i) Amounts recognised in the balance sheet

	30-Sep-20
	NZ\$
Right-of-use assets	
Opening balance	-
Additions and reassessments	283,968
Lease incentives	-
Depreciation	(28,397)
Closing balance	255,571
	30-Sep-20
	NZ\$
Lease liabilities	
Opening balance	-
Additions and reassessments	283,968
Principal repayments	(25,202)
Closing balance	258,766
Current	51,938
Non-current	206,828
	258,766

(ii) Amounts recognised in the statement of profit or loss

Depreciation of right-of-use assets	28,397
Property	
Interest expense (included in finance cost)	5,368

The total cash outflow for leases in in the 6 month period ended September 2020 was \$30,570.

9. Executive remuneration

On 1 June 2020, the Group entered into a new services agreement with the Chief Executive Officer through his company Michael Haskell & Associates LLC ('MHA').

On signing of the agreement, shares in the Parent worth \$100,000 were transferred to MHA with the corresponding expense being recognised in payments to employees and contractors in the consolidated statement of comprehensive income.

Under the agreement MHA receives a base fee per financial year and is eligible for retention and bonus payments. Retention payments are conditional on MHA providing services until 1 April 2021 and 1 April 2022 respectively. Bonus payments are based on actual Group profit each financial year through to 31 March 2023. The Group has recognised an expense of \$73,091 during the six month period ended 30 September 2020 in payments to employees and contractors in the consolidated statement of comprehensive income in relation to expected bonus and retention payments.

10. Share capital

	30-Sep-20		30-Sep-19	
	NZ\$	# of shares	NZ\$	# of shares
Balance at 1 April	(1,300,455)	9,008,596	(1,290,399)	9,020,908
Shares issued	236,790	123,948	499	292
Share buyback	-	-	(257,355)	(150,500)
Balance at 30 September	(1,063,665)	9,132,544	(1,547,255)	8,870,700

Ordinary shares

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

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the six month period ended 30 September 2020

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 30 September 2020 there were 714,856 (31 March 2020: 838,804; 30 September 2019: 978,800) shares held by the Share Trust. Of these shares, 280,000 (31 March 2020: 330,000; 30 September 2019: 330,000) were held on behalf of SPP participants.