

Reporting entity and basis of preparation

The table below sets the adjustments that have been made to the balance sheet of Oceania Healthcare Limited (“the company”) as at 30 November 2016 in order to prepare the unaudited pro forma balance sheet (“Pro Forma Balance Sheet”) for the company. These adjustments reflect the events and assumptions discussed in the notes to the table, including the impact of the capital structure that will be in place following completion of the offer of ordinary shares in the company (the “Offer”).

The Pro Forma Balance Sheet has been prepared using the same accounting policies as the company’s audited annual financial statements for the 12 month period ended 31 May 2016 and the interim financial statements for the six month period ended 30 November 2016. Both of these are available on the Offer Register available in conjunction with the Offer at [www.business.govt.nz].

The adjustments are consistent with the assumptions adopted in the Prospective Financial Information prepared in connection with the Offer. The Pro Forma Balance Sheet has been prepared solely for the purpose of satisfying the requirements imposed under the listing rules of the Australian Securities Exchange (“ASX”) in connection with the admission of Oceania Healthcare Limited to the official list of ASX as a foreign exempt listing.

Oceania Healthcare Limited

Statutory Historical Balance Sheet and Pro Forma Historical Balance Sheet

As At 30 November 2016

NZ\$m	Historical balance sheet (reviewed) [1]	Conversion of Shareholder Loan [2]	Share capital issued [3]	Transaction costs [4]	Repayment of debt [5]	Repayment of finance leases [6]	Unaudited pro forma balance sheet
Assets							
Cash and cash equivalents	2.1		200.0	(10.5)	(173.4)	(16.1)	2.1
Trade and other receivables	11.7						11.7
Assets held for sale	-						-
Property, plant and equipment	244.5						244.5
Investment properties	562.9						562.9
Intangible assets	17.3						17.3
Total assets	838.6	-	200.0	(10.5)	(173.4)	(16.1)	838.6
Liabilities							
Trade and other payables	23.6						23.6
Refundable occupation right agreements	285.6						285.6
Borrowings	275.8	(14.4)			(173.4)	(16.1)	71.8
Derivative financial investments	-						-
Deferred tax liability	25.4						25.4
Total liabilities	610.3	(14.4)	-	-	(173.4)	(16.1)	406.3
Net assets	228.3	14.4	200.0	(10.5)	-	-	432.3
Equity							
Share capital	372.6	14.4	200.0	(7.2)			579.8
Retained deficit	(214.6)			(3.2)			(217.8)
Asset revaluation reserve	70.3						70.3
Total equity	228.3	14.4	200.0	(10.5)	-	-	432.3

Notes supporting the pro forma balance sheet

[1] The reviewed historical balance sheet represents the reviewed balance sheet for Oceania Healthcare Limited as at 30 November 2016.

[2] Prior to the Offer, but in preparation for the IPO, \$14.4m of shareholders loans were converted to equity.

[3] As a result of the Offer, \$200m of new shares will be issued and increase share capital by the same amount. The application of funds raised from the Offer are discussed separately, below.

[4] Transaction costs of \$10.5m will be incurred as a result of the Offer. Of these costs, \$3.2m are recognised in the Statement of Comprehensive Income and are assumed not deductible for taxation purposes. \$7.2m of transaction costs are related to the listing of new shares and will be capitalised against equity on a proportional basis.

[5] \$173.4m of the Offer proceeds will be applied to the repayment of senior debt.

[6] On completion of the IPO, \$16.1m of the Offer proceeds will be used to buy-out the Elderslea finance lease and acquire the freehold title to the facility.