EBOS GROUP LIMITED

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

EBOS GROUP LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2016

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EBOS GROUP LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of EBOS Group Limited are pleased to present to shareholders the financial statements for EBOS Group and its controlled entities (together the "Group") for the year to 30 June 2016.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Group as at 30 June 2016 and the results of their operations and cash flows for the year ended on that date.

The Directors consider the financial statements of the Group have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The financial statements are signed on behalf of the Board by:

Mark Waller Chairman	**Barry Wallace** Director

24 August 2016

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EBOS GROUP LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of EBOS Group Limited and its subsidiaries ('the Group') on pages 5 to 48, which comprise the consolidated balance sheet as at 30 June 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors are responsible on behalf of the company for the preparation and fair presentation of these 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 Board of Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the consolidated financial statements.

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

Other than in our capacity as auditor and the provision of due diligence, advisory services and information technology services, we have no relationship with or interests in EBOS Group Limited or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Opinion

In our opinion, the consolidated financial statements on pages 5 to 48 present fairly, in all material respects, the financial position of EBOS Group Limited and its subsidiaries as at 30 June 2016, and their 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.

Deloitte

Chartered Accountants
24 August 2016
Christchurch, New Zealand

EBOS GROUP LIMITED

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 30 June, 2016	Notes	2016 $'000	2015 $'000
Revenue	2 (a)	7,101,455	6,068,080
Income from associates	2 (b)	3,823	2,861
Profit before depreciation, amortisation, net finance costs and tax expense		225,475	196,695
Depreciation	2 (b)	(12,933)	(12,108)
Amortisation of finite life intangibles	2 (b)	(11,757)	(12,010)
Profit before net finance costs and tax expense		200,785	172,577
Finance income	2 (b)	2,503	2,299
Finance costs	2 (b)	(22,573)	(24,208)
Profit before tax expense	2 (b)	180,715	150,668
Tax expense	3	(53,718)	(44,727)
Profit for the year		126,997	105,941
Earnings per share:			
Basic (cents per share)	26	84.0	70.8
Diluted (cents per share)	26	84.0	70.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June, 2016	Notes	2016 $'000	2015 $'000
Profit for the year		126,997	105,941
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges movement (losses)	22	(4,017)	(2,224)
Related tax benefit to cash flow hedges	22	1,283	631
Translation of foreign operations	22	(18,885)	11,993
Total comprehensive income net of tax benefit		105,378	116,341

Notes to the financial statements are included on pages 9 to 48.

EBOS GROUP LIMITED

CONSOLIDATED BALANCE SHEET

As at 30 June, 2016	Notes	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents		120,251	109,521
Trade and other receivables	6	1,320,387	803,839
Prepayments	7	8,234	7,935
Inventories	8	578,513	518,272
Current tax refundable	3	83	88
Other financial assets - derivatives	9	-	2,184
Total current assets		2,027,468	1,441,839
Non-current assets			
Property, plant and equipment	10	97,973	111,599
Capital work in progress	11	6,494	-
Prepayments	7	234	439
Deferred tax assets	3	47,043	48,284
Goodwill	12	829,163	764,618
Indefinite life intangibles	13	91,147	79,043
Finite life intangibles	14	55,341	69,325
Investment in associates	16	36,778	34,911
Other financial assets		1,255	-
Total non-current assets		1,165,428	1,108,219
Total assets		3,192,896	2,550,058
Current liabilities			
Trade and other payables	18	1,611,611	952,257
Finance leases	17, 19	143	153
Bank loans	17	106,976	153,245
Current tax payable	3	18,203	16,990
Employee benefits		35,598	33,573
Other financial liabilities - derivatives	20	8,652	6,047
Total current liabilities		1,781,183	1,162,265
Non-current liabilities			
Bank loans	17	260,672	272,852
Trade and other payables	18	12,926	10,042
Deferred tax liabilities	3	46,120	48,853
Finance leases	17, 19	36	191
Employee benefits		4,682	4,827
Total non-current liabilities		324,436	336,765
Total liabilities		2,105,619	1,499,030
Net assets		1,087,277	1,051,028
Equity			
Share capital	21	888,513	880,628
Foreign currency translation reserve	22	(36,761)	(17,876)
Retained earnings	22	239,578	189,595
Cash flow hedge reserve	22	(4,053)	(1,319)
Total equity		1,087,277	1,051,028

Notes to the financial statements are included on pages 9 to 48.

EBOS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June, 2016	Notes	Share capital $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Cash flow hedge reserve $'000	Total $'000
Balance at 1 July, 2014		861,549	(29,869)	147,085	274	979,039
Profit for the year		-	-	105,941	-	105,941
Other comprehensive income for the year, net of tax benefit		-	11,993	-	(1,593)	10,400
Payment of dividends	23	-	-	(63,431)	-	(63,431)
Dividends re-invested	21	19,079	-	-	-	19,079
Balance at 30 June 2015		880,628	(17,876)	189,595	(1,319)	1,051,028
Balance at 1 July, 2015		880,628	(17,876)	189,595	(1,319)	1,051,028
Profit for the year		-	-	126,997	-	126,997
Other comprehensive income for the year, net of tax benefit		-	(18,885)	-	(2,734)	(21,619)
Payment of dividends	23	-	-	(77,014)	-	(77,014)
Dividends re-invested	21	7,885	-	-	-	7,885
Balance at 30 June 2016		888,513	(36,761)	239,578	(4,053)	1,087,277

Notes to the financial statements are included on pages 9 to 48.

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CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year Ended 30 June, 2016	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		6,536,472	5,994,123
Interest received		2,503	2,299
Dividends received from associates		1,113	301
Payments to suppliers and employees		(6,238,864)	(5,785,720)
Taxes paid		(54,529)	(53,006)
Interest paid		(22,573)	(24,208)
Net cash inflow from operating activities	25(c)	224,122	133,789
Cash flows from investing activities			
Sale of property, plant & equipment		5,209	458
Purchase of property, plant & equipment		(9,771)	(14,977)
Payments for capital work in progress		(6,494)	-
Payments for intangible assets		(1,354)	(464)
Acquisition of associates	16	(1,107)	(6,710)
Acquisition of subsidiaries	25(a)	(89,724)	(57,414)
Investment in other financial assets		(1,255)	-
Net cash (outflow) from investing activities		(104,496)	(79,107)
Cash flows from financing activities			
Proceeds from issue of shares		7,885	19,079
Proceeds from borrowings		-	23,584
Repayment of borrowings		(36,061)	(15,161)
Dividends paid to equity holders of parent	23	(77,014)	(63,431)
Net cash (outflow) from financing activities		(105,190)	(35,929)
Net increase in cash held		14,436	18,753
Effect of exchange rate fluctuations on cash held		(3,706)	2,070
Net cash and cash equivalents at the beginning of the year		109,521	88,698
Net cash and cash equivalents at the end of the year		120,251	109,521
Cash and cash equivalents		120,251	109,521

Notes to the financial statements are included on pages 9 to 48.

EBOS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Financial Year ended 30 June, 2016

1. SUMMARY OF ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE

EBOS Group Limited ("the Company") is a profit-oriented company incorporated in New Zealand, registered under the Companies Act 1993 and listed on both the New Zealand and Australian Stock Exchanges.

The Company operates in two business segments, being Healthcare and Animal care. Healthcare incorporates the sale of healthcare products in a range of sectors, own brands, retail healthcare, wholesale activities, and logistics. Animal care incorporates the sale of animal care products in a range of sectors, own brands, retail and wholesale activities.

The Company is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013, and its financial statements comply with this Act.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable reporting standards as appropriate for profit oriented entities.

The financial statements comply with International Financial Reporting Standards ("IFRS").

The Group is a Tier 1 for-profit entity in terms of the External Reporting Board Standard A1.

1.2 BASIS OF PREPARATION

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments.

Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June, 2016 and the comparative information presented in these financial statements for the year ended 30 June, 2015.

The information is presented in thousands of New Zealand dollars.

1.3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of NZ IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going 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.

Judgements made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Critical judgements made by management principally relate to the identification of intangible assets such as brands and customer relationships separately from goodwill, arising on acquisition of a business or subsidiaries.

1.4 KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty relate to assessment of impairment of goodwill and indefinite life intangibles.

The Group determines whether goodwill and indefinite life intangibles are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and indefinite life intangibles are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and indefinite life intangibles are discussed in Notes 12 and 13. It is assumed that significant contracts will be rolled over for each period of renewal.

An impairment assessment of goodwill and indefinite life intangible assets has been conducted in the current year. Management has determined that there is no impairment of any of the cash-generating units containing goodwill (refer Note 12), or indefinite life intangible assets (refer Note 13).

Determining the recoverable amounts of goodwill and intangible assets requires the estimation of the effects of uncertain future events at balance date. These estimates involve assumptions about risk assessment to cash flows or discount rates used, future changes in salaries and future changes in price affecting other costs.

1.5 SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies have been adopted in the preparation and presentation of the financial statements.

a) Basis of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company (the Parent entity) and its subsidiaries as defined in NZ IFRS-10 *'Consolidated Financial Statements'*. A list of subsidiaries appears in Note 15 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant NZ IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances are eliminated on consolidation.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture or joint operation. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in associates are incorporated in the Group financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Consolidated Balance Sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where necessary, adjustments are made to bring the associates accounting policies into line with those of the Group.

a) Basis of Consolidation (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. The Group's goodwill accounting policy is set out below. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

b) Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any) in the acquiree over the fair value of the identifiable net assets recognised.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets 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 equity interests (if any) in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised, but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount is the higher of fair value less cost to sell and value in use. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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 on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

c) Indefinite Life Intangible Assets

Indefinite life intangible assets represent purchased brand names and trademarks and are initially recognised at cost. Such intangible assets are regarded as having indefinite useful lives and they are tested annually for impairment on the same basis as for goodwill.

d) Finite Life Intangible Assets

Finite life intangible assets are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life. The estimated useful life of finite life intangible assets is 1 to 10 years. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

e) Intangible Assets Acquired in a Business Combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

f) Property, Plant and Equipment

The Group has five classes of Property, plant and equipment:

- Freehold land;
- Buildings;
- Leasehold improvements;
- Plant and equipment; and
- Office equipment, furniture and fittings.

Property, plant and equipment is initially recorded at cost.

f) Property, Plant, and Equipment (continued)

Cost includes the original purchase consideration and those costs directly attributable to bring the item of property, plant and equipment to the location and condition for its intended use.

After recognition as an asset, property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in the Consolidated Income Statement and is calculated as the difference between the sale price and the carrying value of the item.

Depreciation is provided for on a straight line basis on all property, plant and equipment other than freehold land, at depreciation rates calculated to allocate the assets' cost less estimated residual value, over their estimated useful lives.

Leased assets are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.

The following useful lives are used in the calculation of depreciation:

- Buildings 20 to 50 years
- Leasehold improvements 2 to 15 years
- Plant and equipment 2 to 20 years
- Office equipment, furniture and fittings 2 to 10 years

g) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, other than for Goodwill and Indefinite life intangible assets, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately. Impairment losses cannot be reversed for Goodwill and Indefinite life intangible assets.

h) Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Income Statement because it excludes items of income and expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

h) Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group 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 that 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 assets and liabilities 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 balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

i) Inventories

Inventories are recognised at the lower of cost, determined on a weighted average basis, and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

j) Leases

The Group leases certain plant and equipment and land and buildings.

Finance leases, which effectively transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments. The leased assets and corresponding liabilities are recognised and the leased assets are depreciated over the period the Group is expected to benefit from their use. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Consolidated Income Statement.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of profit or loss in equal instalments over the period of the lease. Lease incentives received are recognised as an integral part of the total lease payments made and are spread on a basis representative of the pattern of benefits expected to be derived from the leased asset.

k) Foreign Currency Translation

Functional and Presentation Currency
The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency.

k) Foreign Currency Translation (continued)

Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Consolidated Income Statement for the year.

Foreign Operations
On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average rates for the period. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

l) Goods & Services Tax

Revenues, expenses, liabilities and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the Consolidated Cash Flow Statement on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

m) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets
Financial assets are classified into the following specific categories: "financial assets at fair value through profit or loss" (FVTPL), "held to maturity" investments, "available for sale" (AFS) financial assets and "loans and receivables". The category depends on the nature and purpose of the financial assets and is determined at initial recognition. The categories used are set out below:

Cash & Cash Equivalents:
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial Assets at Fair Value through Profit and Loss (FVTPL):
Derivative assets are classified as FVTPL unless hedge accounting is applied.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and Receivables:
Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Consolidated Income Statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Equity Instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

m) Financial Instruments (continued)

Financial Liabilities
Financial liabilities are classified as either financial liabilities at “fair value through profit or loss” (FVTPL) or “other financial liabilities” measured at amortised cost. The classifications used are set out below:

Financial Liabilities at Fair Value through Profit and Loss (FVTPL):
Derivative liabilities are classified as FVTPL unless hedge accounting is applied.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest paid on the financial liability.

Other Financial Liabilities:
Trade and other payables, including advances from subsidiaries and bank loans, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received plus issue costs associated with the borrowing. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs, and any discount or premium on drawdown.

Bank loans are classified as current liabilities (either advances or current portion of term debt) unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative Financial Instruments
The Group enters into foreign currency forward exchange contracts to hedge trading transactions, including anticipated transactions, denominated in foreign currencies and from time to time uses interest rate swaps to manage cash flow interest rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as cash flow hedges of highly probable forecast transactions.

Cash Flow Hedges
At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an on-going basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated as a separate component of equity in the hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group either revokes the hedging relationship or the hedging instrument expires or is terminated, exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

n) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of returns, discounts, allowances and GST. Revenue is recognised when it is considered probable that the economic benefits of the transaction will be received. The following specific recognition criteria must be met before revenue is recognised:

n) Revenue Recognition (continued)

Sale of Goods
Sales of goods are recognised when significant risks and rewards of owning the goods are transferred to the buyer, when the revenue (and related costs) can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the entity and when management effectively ceases involvement or control.

Rendering of Services
Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Interest Income
Interest income is recognised in the income statement as it accrues, using the effective interest method.

Effective Interest Method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on 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 asset, or, where appropriate, a shorter period to the carrying amount of the financial asset.

Dividend Income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

o) Cash Flow Statement

The Consolidated Cash Flow Statement is prepared exclusive of GST, which is consistent with the method used in the income statement.

Definition of terms used in the cash flow statement:

Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity capital.

p) Employee Entitlements

A liability for annual leave and long service leave is accrued and recognised in the Consolidated Balance Sheet. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date. Provisions are classified as non-current only if the Group has a legal entitlement not to make payment within a 12 month period, to the employee in which the obligation has been accrued.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided up to the reporting date.

q) Segment Reporting

The Group's operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (Chief Executive Officer) in order to allocate resources to the segment and to assess its performance.

r) Adoption of New Revised Accounting Standards and Interpretations

No new accounting standards or interpretations have been adopted during the year which has had a material impact on these financial statements.

The Group has not yet fully assessed the impact of NZ IFRS 15 *'Revenue from Contracts with Customers'* which will be effective from the 2019 financial year, or NZ IFRS 16 *'Leases'* which will be effective from the 2020 financial year.

For the Financial Year ended 30 June, 2016

2. PROFIT FROM OPERATIONS

	Notes	2016 $'000	2015 $'000
(a) Revenue			
Revenue consisted of the following items:			
Revenue from the sale of goods		6,989,949	5,979,980
Revenue from the rendering of services		111,506	88,100
		7,101,455	6,068,080
(b) Profit before tax expense			
Profit before tax expense has been arrived at after crediting/(charging) the following gains and losses from operations:			
(Loss) on disposal of property, plant and equipment		(274)	(88)
Change in fair value of derivative financial instruments		(770)	323
Income from associates	16	3,823	2,861
Profit before tax expense has been arrived at after crediting/(charging) the following expenses by nature:			
Cost of sales		(6,418,523)	(5,464,445)
Write-down of inventory		(6,392)	(3,483)
Net finance costs:			
Finance income		2,503	2,299
Finance costs		(22,573)	(24,208)
Total net finance costs		(20,070)	(21,909)
Impairment loss on trade & other receivables		(2,423)	(1,869)
Depreciation of property, plant & equipment	10	(12,933)	(12,108)
Amortisation of finite life intangibles	14	(11,757)	(12,010)
Operating lease rental expenses		(30,352)	(27,009)
Donations		(101)	(124)
Employee benefit expense		(220,960)	(198,695)
Defined contribution plan expense		(12,635)	(11,560)
Other expenses		(187,373)	(167,296)
Total expenses		(6,923,519)	(5,920,508)
Profit before tax expense		180,715	150,668

For the Financial Year ended 30 June, 2016

3. INCOME TAXES

	2016 $'000	2015 $'000
(a) Tax expense recognised in income statement		
Tax expense/(credit) comprises:		
Current tax expense/(credit):		
Current year	59,135	52,279
Adjustments for prior years	(598)	741
	58,537	53,020
Deferred tax expense/(credit):		
Origination and reversal of temporary differences	(4,923)	(4,163)
Adjustments for prior years	104	(4,130)
	(4,819)	(8,293)
Total tax expense	53,718	44,727
The prima facie tax expense on pre-tax accounting profit from operations reconciles to the tax expense in the financial statements as follows:		
Profit before tax expense	180,715	150,668
Tax expense calculated at 28% (2015: 28%)	50,600	42,187
Non-deductible expenses	225	3,310
Effect of different tax rates of subsidiaries operating in other jurisdictions	3,332	2,347
(Over) provision of tax expense in previous year	(494)	(3,389)
Other adjustments	55	272
Total tax expense	53,718	44,727

The tax rates used are principally the corporate tax rates of 28% (2015: 28%) payable by New Zealand and 30% (2015: 30%) payable by Australian corporate entities on taxable profits under tax law in each jurisdiction.

	2016 $'000	2015 $'000
(b) Current tax assets and liabilities		
Current tax assets:		
Current tax refundable	83	88
Current tax liabilities:		
Current tax payable	(18,203)	(16,990)
	(18,120)	(16,902)
(c) Deferred tax balance		
Deferred tax assets comprise:		
Temporary differences	47,043	48,284
Deferred tax liabilities comprise:		
Temporary differences	(46,120)	(48,853)
	923	(569)

3. INCOME TAXES CONTINUED

Taxable and deductible temporary differences arise from the following:

2016	Opening balance $'000	Charged to income $'000	Charged to other comprehensive income $'000	Acquisitions $'000	Foreign currency movements $'000	Closing balance $'000
Gross deferred tax liabilities:						
Property, plant and equipment	(4,075)	765	-	198	-	(3,112)
Provisions	(220)	(1,011)	-	51	-	(1,180)
Other financial assets - derivatives	(282)	-	308	-	(26)	-
Intangible assets	(44,276)	6,508	-	(4,480)	420	(41,828)
	(48,853)	6,262	308	(4,231)	394	(46,120)
Gross deferred tax assets:						
Property, plant and equipment	10,873	(3,129)	-	-	(251)	7,493
Provisions	26,700	4,095	-	-	(74)	30,721
Other financial liabilities - derivatives	2,477	(729)	549	-	26	2,323
Intangible assets	7,663	(1,031)	-	-	(307)	6,325
Tax losses carried forward	571	(649)	-	272	(13)	181
	48,284	(1,443)	549	272	(619)	47,043
Net movement in deferred tax		4,819	857	(3,959)	(225)	
2015						
Gross deferred tax liabilities:						
Property, plant and equipment	(1,982)	(2,093)	-	-	-	(4,075)
Provisions	(37)	(181)	-	-	(2)	(220)
Other financial assets - derivatives	(267)	(373)	358	-	-	(282)
Intangible assets	(41,121)	4,116	-	(6,380)	(891)	(44,276)
	(43,407)	1,469	358	(6,380)	(893)	(48,853)
Gross deferred tax assets:						
Property, plant and equipment	11,242	(912)	-	-	543	10,873
Provisions	22,746	3,060	-	-	894	26,700
Other financial liabilities - derivatives	1,551	609	273	-	44	2,477
Intangible assets	-	4,592	-	3,071	-	7,663
Tax losses carried forward	1,050	(525)	-	-	46	571
	36,589	6,824	273	3,071	1,527	48,284
Net movement in deferred tax		8,293	631	(3,309)	634	

	2016 $'000	2015 $'000
(d) Imputation credit account balances		
Imputation credits available directly and indirectly to shareholders of the parent company:	3,542	1,713

For the Financial Year ended 30 June, 2016

4. KEY MANAGEMENT PERSONNEL COMPENSATION

	2016 $'000	2015 $'000
Short-term employee benefits	11,674	12,249
	11,674	12,249

5. REMUNERATION OF AUDITORS

	2016 $'000	2015 $'000
Auditor of the Group (Deloitte)		
Audit of the financial statements	571	537
Audit related services for review of interim financial statements	163	168
Due diligence	177	105
Information technology services	248	6
Advisory services	21	-
Financial modelling assistance	-	61
Assurance services for indirect tax compliance	-	5
	1,180	882

All non-audit services provided by the Group's auditors require pre-approval by the Audit and Risk Committee. Before any non-audit services are approved, the Audit and Risk Committee must be satisfied that the provision of such services will not have any influence on the independence of the Group's auditors.

6. TRADE AND OTHER RECEIVABLES

	2016 $'000	2015 $'000
Trade receivables (i)	1,320,068	804,763
Other receivables	17,593	15,948
Allowance for impairment (ii)	(17,274)	(16,872)
	1,320,387	803,839

(i) Trade receivables are non-interest bearing and generally on monthly terms. Interest may be charged on outstanding overdue balances in accordance with the terms and conditions under which goods are supplied.

	2016 $'000	2015 $'000
(ii) Allowance for Impairment		
Balance at the beginning of the year	(16,872)	(16,516)
Impairment loss recognised on trade receivables	(2,423)	(1,869)
Amounts written off as uncollectible	1,169	2,186
Amounts recovered during year	(8)	-
Acquired on acquisition	(30)	-
Effect of foreign currency exchange differences	890	(673)
	(17,274)	(16,872)

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances. The net carrying amount is considered to approximate its fair value.

6. TRADE & OTHER RECEIVABLES CONTINUED

	2016 $'000	2015 $'000
(iii) Ageing of impaired trade and other receivables		
Current	3,343	2,746
30 - 60 days	2,520	2,824
60 - 90 days	1,968	1,890
90 days+	8,778	8,506
	16,609	15,966

(iv) Ageing of past due but not impaired trade and other receivables

Included in the trade and other receivables balance are debtors with a carrying amount of $83.090m (2015: $65.681m) which are past due at the reporting date for which the Group has not provided any impairment as the amounts are still considered recoverable.

	2016 $'000	2015 $'000
30 - 60 days	60,257	50,105
60 - 90 days	4,443	9,286
90 days+	18,390	6,290
	83,090	65,681

7. PREPAYMENTS

	2016 $'000	2015 $'000
Current	8,234	7,935
Non-current	234	439
	8,468	8,374

8. INVENTORIES

	2016 $'000	2015 $'000
Raw materials		
At cost	2,852	-
Finished Goods		
At cost	575,661	518,272
	578,513	518,272

9. OTHER FINANCIAL ASSETS - DERIVATIVES

	2016 $'000	2015 $'000
At Fair Value:		
Forward foreign exchange contracts (i)	-	270
Forward foreign exchange contracts (ii)	-	1,914
	-	2,184

(i) Financial asset carried at fair value through profit or loss ("FVTPL").

(ii) Designated and effective as cash flow hedging instrument carried at fair value.

The Group has categorised these derivatives, both financial assets (as above) and financial liabilities (refer to Note 20), as Level 2 under the fair value hierarchy contained within NZ IFRS 13.

The fair value of forward foreign exchange contracts is determined using a discounted cash flow valuation. Key inputs include observable forward exchange rates, at the measurement date, with the resulting value discounted back to present values.

Interest rate swaps are valued using a discounted cash flow valuation. Key inputs for the valuation of interest rate swaps are the estimated future cash flows based on observable yield curves at the end of the reporting period, discounted at a rate that reflects the credit risk of the various counterparties.

There have been no changes in valuation techniques used for either forward foreign exchange contracts or interest rate swaps during the current reporting period.

There were no transfers between fair value hierarchy levels during the current or prior periods.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land at cost $'000	Buildings at cost $'000	Leasehold improvements at cost $'000	Plant and equipment at cost $'000	Office equipment furniture & fittings at cost $'000	Total $'000
Gross carrying amount						
Balance at 1 July 2014	27,645	18,400	9,822	34,729	17,984	108,580
Additions	-	7	7,381	24,270	4,401	36,059
Disposals	-	(52)	(977)	(2,921)	(703)	(4,653)
Acquisitions through business combinations	-	-	-	345	67	412
Reclassification	-	1,004	-	-	(1,004)	-
Net foreign currency exchange differences	1,131	415	362	1,225	743	3,876
Balance at 30 June 2015	28,776	19,774	16,588	57,648	21,488	144,274
Additions	-	472	371	5,940	2,450	9,233
Disposals	(3,294)	(2,870)	(2)	(8,504)	(405)	(15,075)
Acquisitions through business combinations	-	-	6	1,624	105	1,735
Net foreign currency exchange differences	(1,725)	(624)	(1,040)	(3,367)	(1,068)	(7,824)
Balance at 30 June 2016	23,757	16,752	15,923	53,341	22,570	132,343
Accumulated depreciation						
Balance at 1 July 2014	-	(3,556)	(2,589)	(8,659)	(8,922)	(23,726)
Disposals	-	52	766	2,586	703	4,107
Depreciation expense	-	(774)	(1,358)	(6,853)	(3,123)	(12,108)
Reclassification	-	(871)	-	-	871	-
Net foreign currency exchange differences	-	(57)	(120)	(507)	(264)	(948)
Balance at 30 June 2015	-	(5,206)	(3,301)	(13,433)	(10,735)	(32,675)
Disposals	-	1,192	2	8,351	351	9,896
Depreciation expense	-	(861)	(1,597)	(7,164)	(3,311)	(12,933)
Net foreign currency exchange differences	-	58	253	544	487	1,342
Balance at 30 June 2016	-	(4,817)	(4,643)	(11,702)	(13,208)	(34,370)
Net book value						
As at 30 June 2015	28,776	14,568	13,287	44,215	10,753	111,599
As at 30 June 2016	23,757	11,935	11,280	41,639	9,362	97,973

	2016 $'000	2015 $'000
Aggregate depreciation recognised as an expense during the year:		
Buildings	861	774
Leasehold improvements	1,597	1,358
Plant and equipment	7,164	6,853
Office equipment, furniture & fittings	3,311	3,123
	12,933	12,108

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11. CAPITAL WORK IN PROGRESS

	2016 $'000	2015 $'000
Capital work in progress	6,494	-

Capital work in progress relates to automation equipment required for a new distribution centre. The additional cost to complete the project is estimated at $54,033,000.

12. GOODWILL

	Notes	2016 $'000	2015 $'000
Gross carrying amount			
Balance at beginning of financial year		764,618	720,875
Recognised from business acquisition during the year		68,346	43,152
Effects of foreign currency exchange differences		(3,801)	591
Net book value		829,163	764,618

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units or groups of cash-generating units, representing the lowest level at which management monitors goodwill:

- Australian Hospital, Pharmacy and Primary Healthcare sectors: Healthcare Australia.
- New Zealand Consumer, Hospital, Primary Healthcare, Aged Care and International Product Supplies: Healthcare NZ.
- New Zealand Pharmacy Wholesaler and Logistic Services: Healthcare - Pharmacy/Logistics NZ.
- New Zealand and Australia Animal care sectors: Animal care.

The carrying amount of goodwill allocated to cash-generating units or groups of cash-generating units is as follows:

	2016 $'000	2015 $'000
Healthcare Australia	507,979	503,513
Healthcare NZ	64,701	1,728
Healthcare – Pharmacy/Logistics NZ	95,043	95,043
Animal care	161,440	164,334
	829,163	764,618

During the year ended 30 June 2016 management has determined that there is no impairment of any of the cash-generating units or groups of cash-generating units containing goodwill (2015: Nil).

For the Financial Year ended 30 June, 2016

12. GOODWILL CONTINUED

The recoverable amounts (i.e. higher of value in use and fair value less costs to sell) of those units are determined on the basis of value in use calculations. Management has determined that the recoverable amount calculations are most sensitive to changes in the following assumptions:

Revenue during the assessment period is estimated by management based on revenue achieved in the period immediately before the start of the assessment period, adjusted each year for any anticipated growth.

Gross margins during the assessment period are estimated by management based on average gross margins achieved before the start of the assessment period, adjusted for expected changes in the business or sector in which the business operates.

Operating costs during the assessment period are estimated by management based on current trends at the start of the assessment period, adjusted for expected changes in the business or sector in which the business operates.

The value in use calculation uses cash flow projections based on financial forecasts approved by management covering a five year period and managements past experience.

Annual growth rates of 1.9% to 7.0% (2015: 1.7% to 7.0%), an allowance of 2.8% to 7.0% (2015: 1.8% to 7.0%) for increases in expenses, and pre-tax discount rates of 12.7% to 14.3% (2015: 12.6% to 13.7%) have been applied to these projections. Cash flows beyond the five year period have been extrapolated using a 2.5% (2015: 2.5%) growth rate. Management also believes that any reasonably possible change in the key assumptions would not cause the carrying amount of any of the cash-generating units, or groups of cash-generating units to exceed their recoverable amount.

13. INDEFINITE LIFE INTANGIBLES

	Symbion Brands $'000	Other Pharmacy Brands $'000	Animal Care Brands $'000	Trademarks $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2014	25,946	6,280	7,110	17,240	56,576
Acquisitions through business combinations	-	-	21,387	-	21,387
Net foreign currency exchange differences	1,142	58	(120)	-	1,080
Balance at 30 June 2015	27,088	6,338	28,377	17,240	79,043
Acquisitions through business combinations	-	16,000	-	-	16,000
Reclassification	-	-	(610)	-	(610)
Net foreign currency exchange differences	(1,790)	(91)	(1,405)	-	(3,286)
Balance at 30 June 2016	25,298	22,247	26,362	17,240	91,147
Net book value					
As at 30 June 2015	27,088	6,338	28,377	17,240	79,043
As at 30 June 2016	25,298	22,247	26,362	17,240	91,147

For the Financial Year ended 30 June, 2016

13. INDEFINITE LIFE INTANGIBLES CONTINUED

The carrying amount of indefinite life intangibles (brands and trademarks) has been allocated to cash-generating units, or groups of cash-generating units, as follows:

	2016 $'000	2015 $'000
Healthcare Australia	29,155	31,036
Healthcare NZ	18,390	2,390
Healthcare - Pharmacy/Logistics NZ	17,240	17,240
Animal care	26,362	28,377
	91,147	79,043

Management has assessed these assets as having an indefinite useful life. In coming to this conclusion management considered expected expansion of the usage of the brands across other products and markets, the typical product life cycle of these assets, the stability of the industry in which the brands are operating, the level of maintenance expenditure required and the period of legal control over the brands and trademarks.

During the current year management has determined that there is no impairment of any of the brands and trademarks (2015: Nil).

The calculation of the recoverable amounts for indefinite life intangibles have been determined based on a value in use calculation that uses cash flow projections based on financial forecasts approved by management covering a five-year period.

Management has determined that the recoverable amount calculations are most sensitive to change in the following assumptions. Annual growth rates of 2.2% to 7.0% (2015: 1.7% to 5.9%), an allowance of 2.8% to 7.0% (2015: 1.8% to 5.9%) for increases in expenses, and pre-tax discount rates of 13.3% to 17.9% (2015: 13.1% to 17.9%) have been applied to these projections. Cash flows beyond the five-year period have been extrapolated using a 2.5% (2015: 2.5%) growth rate. Management also believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the brands to exceed their recoverable amount.

14. FINITE LIFE INTANGIBLES

	Supply Contracts $'000	Software $'000	Brand $'000	Customer Relationships/ Contracts $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2014	1,490	5,178	-	85,771	92,439
Additions	-	464	-	-	464
Disposals	-	(262)	-	-	(262)
Reclassification	-	(203)	-	(908)	(1,111)
Net foreign exchange differences	-	583	-	3,622	4,205
Balance at 30 June 2015	1,490	5,760	-	88,485	95,735
Additions	-	1,354	-	-	1,354
Disposals	-	(273)	-	-	(273)
Reclassification	-	(227)	610	227	610
Net foreign exchange differences	-	(305)	-	(5,843)	(6,148)
Balance at 30 June 2016	1,490	6,309	610	82,869	91,278

14. FINITE LIFE INTANGIBLES CONTINUED

	Supply Contracts $'000	Software $'000	Brand $'000	Customer Relationships/ Contracts $'000	Total $'000
Accumulated amortisation & impairment					
Balance at 1 July 2014	(1,490)	(2,140)	-	(11,307)	(14,937)
Disposals	-	262	-	-	262
Amortisation expense	-	(1,260)	-	(10,750)	(12,010)
Reclassification	-	203	-	908	1,111
Net foreign exchange differences	-	(101)	-	(735)	(836)
Balance at 30 June 2015	(1,490)	(3,036)	-	(21,884)	(26,410)
Disposals	-	218	-	-	218
Amortisation expense	-	(1,057)	(122)	(10,578)	(11,757)
Net foreign exchange differences	-	165	-	1,847	2,012
Balance at 30 June 2016	(1,490)	(3,710)	(122)	(30,615)	(35,937)
Net book value					
As at 30 June 2015	-	2,724	-	66,601	69,325
As at 30 June 2016	-	2,599	488	52,254	55,341

For the Financial Year ended 30 June, 2016

15. SUBSIDIARIES

Parent and Head Entity
EBOS Group Limited

The following entities comprise the trading and holding companies of the Group:

Subsidiaries (all balance dates 30 June unless otherwise noted)	Country of Incorporation	Ownership Interests and Voting Rights 2016	2015
Pet Care Holdings Australia Pty Limited (formerly EBOS Healthcare (Australia) Pty Limited)	Australia	100%	100%
EBOS Group Australia Pty Limited	Australia	100%	100%
EBOS Health & Science Pty Limited	Australia	100%	100%
PRNZ Limited	New Zealand	100%	100%
Pharmacy Retailing NZ Limited	New Zealand	100%	100%
EBOS Limited Partnership	Australia	0%	100%
Pet Care Distributors Pty Limited (formerly Healthcare Distributors Pty Limited)	Australia	100%	100%
Masterpet Corporation Limited	New Zealand	100%	100%
Masterpet Australia Pty Limited	Australia	100%	100%
Botany Bay Imports and Exports Pty Limited	Australia	100%	100%
Aristopet Pty Ltd	Australia	100%	100%
EAHPL Pty Limited (formerly EBOS Australia Holdings Pty Limited)	Australia	100%	100%
ZHHA Pty Ltd	Australia	100%	100%
ZAP Services Pty Ltd	Australia	100%	100%
Symbion Pty Ltd	Australia	100%	100%
Intellipharm Pty Ltd	Australia	100%	100%
Clinect Pty Ltd	Australia	100%	100%
Lyppard Australia Pty Ltd	Australia	100%	100%
DoseAid Pty Limited (formerly APHS Packaging Pty Ltd)	Australia	100%	100%
Symbion Pharmacy Services Trade Receivables Trust [1]	Australia	100%	100%
Blackhawk Premium Pet Care Pty Limited	Australia	100%	100%
Endeavour Consumer Health Limited (formerly Healthcare Distributors Limited)	New Zealand	100%	100%
Nexus Australasia Pty Limited	Australia	100%	0%

1. *Balance date is 31 December; the results of the Trust have been included in the Group results for the year to 30 June 2016.*

16. INVESTMENT IN ASSOCIATES

Name of associate company	Principal activities	Date of acquisition	Proportion of shares and voting rights acquired	Cost of acquisition $'000
Animates NZ Holdings Limited	Animal care supplies	December 2011	50%	18,150
VIM Health Pty Limited	Healthcare supplies	December 2013	50%	3,520
Good Price Pharmacy Franchising Pty Limited	Healthcare supplies	October 2014	25.77%	3,918
Good Price Pharmacy Management Pty Limited	Healthcare supplies	October 2014	25.77%	3,918

The reporting date for Animates NZ Holdings Limited is 30 June. Animates NZ Holdings Limited is incorporated in New Zealand.

The reporting date for VIM Health Pty Limited, Good Price Pharmacy Franchising Pty Limited and Good Price Pharmacy Management Pty Limited is 30 June. They are incorporated in Australia.

Although the company holds 50% of the shares and voting power in both Animates NZ Holdings Limited and VIM Health Pty Limited these entities are not deemed to be a subsidiary as the other 50% is held by other single shareholders in both cases, therefore the Group is unable to exercise control over these entities.

The summary financial information in respect of the Group's associates is set out below:

Statement of financial position	2016 $'000	2015 $'000
Total assets	67,829	55,805
Total liabilities	(37,829)	(31,090)
Net assets	30,000	24,715
Group's share of net assets	14,171	11,780
Income Statement		
Total revenue	113,512	94,868
Total profit for the year	9,454	7,597
Group's share of profits of associates	3,823	2,861

Movement in the carrying amount of the Group's investment in associates:	2016 $'000	2015 $'000
Balance at the beginning of the financial year	34,911	24,100
New investments [1]	-	7,829
Share of profits of associates	3,823	2,861
Share of dividends	(1,113)	(301)
Net foreign currency exchange differences	(843)	422
Balance at the end of the financial year	36,778	34,911
Goodwill included in the carrying amount of the Group's investment in associates	21,365	21,749
The Group's share of the contingent liabilities of associates	-	-
The Group's share of capital commitments of associates	-	-

[1] Consideration for new investments comprises:

Cash	-	6,710
Deferred purchase consideration	-	1,119
	-	7,829

17. BORROWINGS

	2016 $'000	2015 $'000
Current		
Bank loans – securitisation facility (ii)	106,976	153,245
Finance lease liabilities (iii)	143	153
	107,119	153,398
Non-current		
Bank loans (i)	260,672	272,852
Finance lease liabilities (iii)	36	191
	260,708	273,043
Total borrowings	367,827	426,441

(i) The Group has bank term loans and revolving cash advance facilities of $346.0m (2015: $364.5m), of which $85.3m was unutilised at 30 June 2016 (2015: $91.7m). The Group was released from a negative pledge deed in favour of the Group's syndicated banks on 31 October 2014 when the significant provisions of the negative pledge deed, including the guarantee over the Group's assets, were incorporated in an updated facilities agreement.

There have been no breaches of the banking covenants.

(ii) The Group, through a subsidiary company, has a trade debtor securitisation facility of $444.3m (2015: $430.9m) of which $337.3m was unutilised at 30 June 2016 (2015: $277.7m). The securitisation facility involves Symbion Pty Limited providing security over the future cash flows of specific trade receivables of Symbion Pty Limited, which meet certain criteria, in return for cash finance on a contracted percentage of the security provided. As recourse, in the event of default by a trade debtor, remains with Symbion Pty Limited the trade receivables provided as security and the funding provided are recognised on the Group's Consolidated Balance Sheet.

At 30 June 2016, the value of trade receivables provided as security under this securitisation facility was $148.4m (2015: $197.9m). The net cash flows associated with the securitisation programme are disclosed in the Consolidated Cash Flow Statement as cash flows from financing activities.

The Symbion Pharmacy Services Trade Receivables Trust ("SPS Trust"), which is consolidated, was established solely for the purpose of purchasing qualifying trade receivables from Symbion Pty Limited and funding the same from lenders. The SPS Trust has directly provided funding to Symbion Pty Limited to acquire the rights to the cash flows of the securitised receivables. The SPS Trust is consolidated as the Group has the exposure, or rights, to variable returns from its involvement with the Trust and the Group considers that it has existing rights that give it the current ability to direct the relevant activities of the Trust.

(iii) Secured by the assets leased.

The fair value of non-current borrowings is approximately equal to their carrying amount.

As at 30 June 2016 the Group maintains the following lines of credit:

Facility	Amount (NZD) $ millions	Maturity
Term debt facilities	$92.1m	August 2018
Term debt facilities	$91.7m	August 2019
Term debt facilities	$25.0m	July 2020
Term debt facilities	$52.3m	July 2021
Working capital facilities	$85.0m	July 2018
Securitisation facility	$444.3m	September 2018

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18. TRADE AND OTHER PAYABLES

	2016 $'000	2015 $'000
Current		
Trade payables	1,539,855	865,482
Other payables	71,756	80,069
Deferred purchase consideration	-	6,706
	1,611,611	952,257
Non-current		
Other payables	12,926	10,042
Total trade and other payables	1,624,537	962,299

19. LEASES

Finance leases
Minimum future lease payments
Finance leases relate to office equipment, plant and motor vehicles. The Group has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements.

Finance lease liabilities

	Minimum Future Lease Payments		Present Value of Minimum Future Lease Payments	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Not later than 1 year	156	167	143	153
Later than 1 year and not later than 5 years	39	208	36	191
Minimum lease payments*	195	375	179	344
Less future finance charges	(16)	(31)	-	-
Present value of minimum lease payments	179	344	179	344
Included in the financial statements as:				
Finance leases - current portion			143	153
Finance leases – non-current portion			36	191
			179	344

*Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

The fair value of the finance lease liabilities is approximately equal to their carrying value.

Operating leases
Leasing arrangements
Operating leases relate to certain property and equipment, with lease terms of between one to thirteen years with options to extend for a further one to twenty years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

	2016 $'000	2015 $'000
Operating leases		
Non-cancellable operating lease payments		
Not longer than 1 year	24,074	22,734
Longer than 1 year and not longer than 5 years	62,618	60,296
Longer than 5 years	50,381	47,440
	137,073	130,470

20. OTHER FINANCIAL LIABILITIES - DERIVATIVES

	2016 $'000	2015 $'000
At fair value:		
Foreign currency forward contracts (i)	1,475	-
Interest rate swaps (i)	7,177	6,047
	8,652	6,047

(i) Designated and effective as cash flow hedging instrument carried at fair value.

Refer to Note 9 for valuation techniques and classifications.

21. SHARE CAPITAL

	2016 No. 000's	2016 $'000	2015 No. 000's	2015 $'000
Fully paid ordinary shares				
Balance at beginning of financial year	150,687	880,628	148,720	861,549
Dividend reinvested				
- October 2014	-	-	1,019	8,904
- April 2015	-	-	948	10,175
- October 2015	627	7,885	-	-
	151,314	888,513	150,687	880,628

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

22. RESERVES

	2016 $'000	2015 $'000
Foreign currency translation reserve		
Balance at beginning of the year	(17,876)	(29,869)
Translation of foreign operations	(18,885)	11,993
Balance at end of the year	(36,761)	(17,876)

Exchange differences, principally relating to the translation from Australian dollars, being the functional currency of the Group's foreign controlled entities in Australia, into New Zealand dollars being the Group's presentation currency, are brought to account by entries made directly in other comprehensive income and accumulated in the foreign currency translation reserve.

	2016 $'000	2015 $'000
Retained Earnings		
Balance at beginning of the year	189,595	147,085
Profit for the year	126,997	105,941
Dividends (Note 23)	(77,014)	(63,431)
Balance at end of the year	239,578	189,595
Cash Flow Hedge Reserve		
Balance at beginning of the year	(1,319)	274
Cash flow hedges movement (losses)	(4,017)	(2,224)
Related income tax	1,283	631
Balance at end of the year	(4,053)	(1,319)

The cash flow hedge reserve represents gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts profit or loss.

23. DIVIDENDS

	2016 Cents per share	Total $'000	2015 Cents per share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
- Final - prior year	25.0	37,672	20.5	30,490
- Interim - current year	26.0	39,342	22.0	32,941
	51.0	77,014	42.5	63,431
Unrecognised amounts				
Final dividend	32.5	49,177	25.0	37,672

A dividend of 32.5 cents per share was declared on 24 August 2016 with the dividend being payable on 14 October 2016. The anticipated cash impact of the dividend is approximately $49.2m (2015: $26.4m).

24. ACQUISITION OF SUBSIDIARIES

Name of business acquired	Principal activities	Date of acquisition	Cost of acquisition $'000
2016:			
100% of the business assets of Red Seal Natural Health Limited	Healthcare supplies	November 2015	80,267

Assets and liabilities acquired 2016:

	Carrying value $'000	Fair value adjustment $'000	Fair value on acquisition $'000
Current assets			
Trade and other receivables	4,033	(136) [1]	3,897
Inventories	6,333	(400) [2]	5,933
Non-current assets			
Property, plant and equipment	1,492	216 [3]	1,708
Indefinite life intangibles	-	16,000 [4]	16,000
Current liabilities			
Trade and other payables	(3,929)	(1,104) [5]	(5,033)
Finance leases	-	(394) [6]	(394)
Employee benefits	(316)	-	(316)
Non-current liabilities			
Deferred tax liabilities	-	(4,231) [7]	(4,231)
Net assets acquired	**7,613**	**9,951**	**17,564**
Goodwill on acquisition			62,703
Total consideration			80,267
Net cash (outflow) on acquisition			**(80,267)**

1. *To recognise the fair value of trade and other receivables expected to be received on acquisition.*
2. *To recognise the fair value of inventory acquired on acquisition.*
3. *To recognise additional net property, plant and equipment assets identified on acquisition.*
4. *To recognise the 'Red Seal' brand as a result of a valuation performed at acquisition.*
5. *To recognise additional liabilities identified on acquisition.*
6. *To recognise a finance lease arrangement in place on acquisition.*
7. *To recognise additional deferred tax liability balances incurred on acquisition.*

Goodwill arising on acquisition

Goodwill arose on the acquisition of the business operations of Red Seal because the cost of acquisition included a control premium paid. In addition, the consideration paid for the benefit of future expected cash flows above the current fair value of the assets acquired and the expected synergies and future market benefits expected to be obtained. These benefits are not recognised separately from goodwill as the expected future economic benefits arising cannot be reliably measured and they do not meet the definition of identifiable intangible assets.

Red Seal was acquired as it is a profitable healthcare business which the Group believes fits strategically with its Australasian Consumer Products business assets.

24. ACQUISITION OF SUBSIDIARIES CONTINUED

Impact of the acquisition on the results of the Group

Red Seal contributed $1,431,000 to the Group profit for the period. Group revenue for the period includes $24,101,000 in respect of Red Seal. Had the Red Seal acquisition been effective at 1 July 2015, the revenue of the Group from continuing operations would have been $7,119,485,000 and the profit for the period from continuing operations would have been $128,556,000.

During the year the Group also acquired 100% control over the issued capital of Nexus Australasia Pty Limited for $5.4m. The financial impact of this acquisition is considered to be immaterial for financial reporting purposes.

Name of business acquired	Principal activities	Date of acquisition	Proportion of shares acquired	Cost of acquisition $'000
2015:				
Blackhawk Premium Pet Care Pty Limited	Animal care supplies	October 2014	100%	64,160

Assets and liabilities acquired 2015:

	Blackhawk Group $'000	Fair value adjustment $'000	Fair value on acquisition $'000
Current assets			
Cash and cash equivalents	1,119	-	1,119
Trade and other receivables	4,297	-	4,297
Prepayments	6	-	6
Inventories	305	-	305
Non-current assets			
Property, plant and equipment	412	-	412
Indefinite life intangibles	-	21,387 [1]	21,387
Deferred tax assets	-	3,071 [2]	3,071
Current liabilities			
Trade and other payables	(1,310)	(361) [3]	(1,671)
Employee benefits	(53)	-	(53)
Current tax payable	(1,485)	-	(1,485)
Non-current liabilities			
Deferred tax liabilities	-	(6,380) [2]	(6,380)
Net assets acquired	**3,291**	**17,717**	**21,008**
Goodwill on acquisition			43,152
Total consideration			64,160
Less cash and cash equivalents acquired			(1,119)
Deferred purchase consideration			(5,627)
Net cash (outflow) on acquisition			**(57,414)**

1. *To recognise the 'BlackHawk' brand as a result of a valuation performed at acquisition.*
2. *To recognise additional deferred tax assets and liabilities incurred.*
3. *To recognise additional liabilities identified as part of the acquisition.*

24. ACQUISITION OF SUBSIDIARIES CONTINUED

Goodwill arising on acquisition

Goodwill arose on the acquisition of Blackhawk Premium Pet Care Pty Limited ('Blackhawk') because the cost of acquisition included a control premium paid. In addition, the consideration paid for the benefit of future expected cash flows above the current fair value of the assets acquired and the expected synergies and future market benefits expected to be obtained. These benefits are not recognised separately from goodwill as the expected future economic benefits arising cannot be reliably measured and they do not meet the definition of identifiable intangible assets.

Blackhawk was acquired as it is a profitable premium animal food business which the Group believes fits strategically with its Animal care business assets.

Impact of the acquisition on the results of the Group for the year ended 30 June 2015

Blackhawk contributed $3,200,000 to the Group profit for the year. Group revenue for the year includes $17,732,000 in respect of Blackhawk. Had the Blackhawk acquisition been effective at 1 July 2014, the revenue of the Group from continuing operations would have been $6,077,013,000, and the Group profit for the year from continuing operations would have been $107,404,000.

25. NOTES TO THE CASH FLOW STATEMENT

	2016 $'000	2015 $'000
(a) Subsidiaries acquired		
Note 24 sets out details of material subsidiaries acquired.		
Details of the acquisitions are as follows:		
Consideration		
Cash and cash equivalents	90,363	58,533
Deferred purchase consideration	(4,681)	5,627
Total consideration	85,682	64,160
Represented by:		
Net assets acquired	17,336	21,008
Goodwill on acquisition	68,346	43,152
Total consideration	85,682	64,160
Net cash outflow on acquisition		
Cash and cash equivalents consideration	90,363	58,533
Less Cash and cash equivalents acquired	(639)	(1,119)
Net cash consideration paid	89,724	57,414

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25. NOTES TO THE CASH FLOW STATEMENT CONTINUED

	2016 $'000	2015 $'000
(b) Financing facilities		
Bank overdraft facility, reviewed annually and payable at call:		
Amount unused	1,659	1,674
	1,659	1,674
Bank loan facilities with various maturity dates through to July 2021 (2015: August 2019)		
Amount used	367,648	426,097
Amount unused	422,634	369,357
	790,282	795,454
(c) Reconciliation of profit for the year with cash flows from operating activities		
Profit for the year	126,997	105,941
Add/(less) non-cash items:		
Depreciation	12,933	12,108
Loss on sale of property, plant and equipment	274	88
Amortisation of finite life intangible assets	11,757	12,010
Share of profits from associates	(3,823)	(2,861)
Loss/(gain) on derivative financial instruments	770	(323)
Deferred tax	(4,819)	(8,293)
	17,092	12,729
Movement in working capital:		
Trade and other receivables	(516,548)	(104,563)
Prepayments	(94)	(1,572)
Inventories	(60,241)	(26,648)
Current tax refundable/payable	1,218	2,766
Trade and other payables	662,238	131,130
Employee benefits	1,880	5,340
Foreign currency translation of working capital balances	(18,400)	13,973
	70,053	20,426
Cash costs classified as investing activities:		
Working capital items relating to investing activities	6,706	(6,706)
Working capital items acquired	3,274	1,399
Net cash inflow from operating activities	224,122	133,789

26. EARNINGS PER SHARE CALCULATION

	2016	2015
Basic earnings per share (refer Consolidated Income Statement and Note 21)	Cents	Cents
Basic earnings per share	84.0	70.8
	$'000	$'000
Earnings used in the calculation of total basic earnings per share	126,997	105,941
	No. 000's	No. 000's
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	151,131	149,671
Diluted earnings per share (refer Consolidated Income Statement and Note 21)	Cents	Cents
Diluted earnings per share	84.0	70.8
	$'000	$'000
Earnings used in the calculation of total diluted earnings per share	126,997	105,941
	No. 000's	No. 000's
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	151,131	149,671

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27. COMMITMENTS FOR EXPENDITURE

	2016 $'000	2015 $'000
Capital expenditure commitments		
Plant	11,361	-
Software development	449	340
	11,810	340

28. CONTINGENT LIABILITIES & CONTINGENT ASSETS

	2016 $'000	2015 $'000
Contingent liabilities		
Guarantees given to third parties	10,311	12,520

Guarantees given to third parties comprise of guarantees for certain loans made to pharmacies by the ANZ National Bank Limited, performance guarantees held by the Group's bankers on behalf of customers and suppliers and property lease guarantees on behalf of landlords of the Group.

29. SEGMENT INFORMATION

(a) Products and services from which reportable segments derive their revenues

The Group's reportable segments under NZ IFRS 8 are as follows:

Healthcare: Incorporates the sale of healthcare products in a range of sectors, own brands, retail healthcare and wholesale activities.

Animal care: Incorporates the sale of animal care products in a range of sectors, own brands, retail and wholesale activities.

Corporate: Includes net funding costs and central administration expenses that have not been allocated to the healthcare or animal care segments.

(b) Segment revenues and results

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

	2016 $'000	2015 $'000
Revenue from external customers		
Healthcare	6,686,415	5,692,888
Animal care	415,040	375,192
	7,101,455	6,068,080
Profit/(loss) before depreciation, amortisation, net finance costs and tax expense		
Healthcare	195,028	170,167
Animal care	42,308	37,118
Corporate	(11,861)	(10,590)
	225,475	196,695
Segment expenses		
Healthcare:		
Depreciation	(11,691)	(10,762)
Amortisation of finite life intangibles	(9,283)	(9,695)
Tax expense	(52,607)	(41,655)
	(73,581)	(62,112)
Animal care:		
Depreciation	(1,242)	(1,346)
Amortisation of finite life intangibles	(2,474)	(2,315)
Tax expense	(10,803)	(11,616)
	(14,519)	(15,277)
Corporate:		
Net finance costs	(20,070)	(21,909)
Tax credit	9,692	8,544
	(10,378)	(13,365)
Profit/(loss) for the year		
Healthcare	121,447	108,055
Animal Care	27,789	21,841
Corporate	(22,239)	(23,955)
	126,997	105,941
Associate Information:		
Included in the segment results above is Income from associates of:		
Animal care	2,554	2,066
Healthcare	1,269	795

29. SEGMENT INFORMATION CONTINUED

The accounting policies of the reportable segments are consistent with the Group's accounting policies. Profit before depreciation, amortisation, net finance costs and tax expense is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(c) Segment assets

Assets are not allocated to segments as they are not reported to the chief operating decision maker at a segment level.

(d) Revenues from major products and services

The Group's major products and services are the same as the reportable segments i.e. healthcare, animal care and corporate. Revenues are reported above under (b) Segment revenues and results.

(e) Geographical information

The Group operates in two principal geographical areas; New Zealand and Australia.

The Group's revenue from external customers by geographical location (of the reportable segment) and information about its segment assets (non-current assets) excluding financial instruments and deferred tax assets are detailed below:

	2016 $'000	2015 $'000
Continuing and discontinued operations		
Revenue from external customers		
New Zealand	1,468,037	1,343,884
Australia	5,633,418	4,724,196
	7,101,455	6,068,080
Non-current assets		
New Zealand	286,171	206,410
Australia	794,181	818,614
	1,080,352	1,025,024

(f) Information about major customers

No revenues from transactions with a single customer amount to 10% or more of the Group's revenues (June 2015: Nil).

30. RELATED PARTY DISCLOSURES

(a) Parent Entities

The Parent entity in the Group is EBOS Group Limited.

(b) Equity interests in Related Parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 15 to the financial statements.

(c) Transactions with Related Parties

As at 30 June 2016 no balances were owing to or from related parties of EBOS Group Limited (2015: Nil).

(d) Key Management Personnel Remuneration

Details of key management personnel remuneration are disclosed in Note 4 to the financial statements.

31. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Group's corporate treasury function provides services to the Group's entities, co-ordinates access to financial markets, and manages the financial risks relating to the operation of the Group.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed on a regular basis.

(b) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on imports of product; and
- interest rate swaps to mitigate the risk of rising interest rates.

(c) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Forward foreign exchange contracts

The Group enters into forward foreign exchange contracts to manage the risk associated with anticipated future sales and purchase transactions denominated in foreign currencies in accordance with the Group's Board approved treasury policy.

The fair value of forward foreign exchange contracts is determined using a discounted cash flow valuation. Key inputs include the forward exchange rates at the measurement date, with the resulting value discounted back to present values.

Therefore the Group has categorised these derivatives as Level 2 under the fair value hierarchy contained within NZ IFRS 13.

There were no transfers between fair value hierarchy levels during the current or prior periods.

31. FINANCIAL INSTRUMENTS CONTINUED

	Average		Foreign currency		Contract value		Fair value	
	Exchange rate		2016	2015	2016	2015	2016	2015
Outstanding Contracts	2016	2015	FC'000	FC'000	$'000	$'000	$'000	$'000
Buy Australian Dollars								
Less than 3 months	0.928	0.932	1,100	800	1,185	858	(35)	54
3 to 6 months	0.910	0.906	925	500	1,016	552	(48)	20
6 to 9 months	0.923	0.903	1,000	250	1,083	277	(35)	10
9 to 12 months	0.951	-	800	-	841	-	(2)	-
12 to15 months	0.946	-	900	-	951	-	(6)	-
Buy Euro								
Less than 3 months	0.605	0.636	1,269	758	2,098	1,192	(112)	63
3 to 6 months	0.604	0.652	718	1,024	1,189	1,570	(58)	136
6 to 9 months	0.616	0.656	245	512	398	781	(9)	78
Buy Pounds								
Less than 3 months	0.466	0.460	700	250	1,502	544	(191)	29
3 to 6 months	0.484	-	610	-	1,260	-	(112)	-
6 to 9 months	0.496	0.443	350	385	706	869	(45)	18
9 to 12 months	-	0.441	-	200	-	454	-	9
Buy THB								
Less than 3 months	24.495	23.688	51,758	40,270	2,113	1,700	(42)	36
3 to 6 months	24.844	22.592	55,800	44,800	2,246	1,983	(10)	(42)
6 to 9 months	25.263	23.019	24,000	30,500	950	1,325	12	2
9 to 12 months	-	23.077	-	18,000	-	780	-	5
Buy US Dollars								
Less than 3 months	0.672	0.768	7,030	5,396	10,461	7,026	(585)	888
3 to 6 months	0.696	0.717	7,158	5,029	10,284	7,014	(185)	402
6 to 9 months	0.705	0.737	5,600	4,065	7,943	5,518	(12)	476
					46,226	32,443	(1,475)	2,184

The fair value of forward foreign exchange contracts outstanding are recognised as other financial assets/liabilities. Hedge accounting is applied for forward foreign exchange contracts.

31. FINANCIAL INSTRUMENTS CONTINUED

(d) Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swap contracts.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date.

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2016	2015	2016	2015	2016	2015
Outstanding Contracts	%	%	$'000	$'000	$'000	$'000
Outstanding variable rate for fixed contracts						
Less than 1 year	3.23	4.22	87,268	2,239	(742)	(16)
1 to 3 years	3.31	3.42	131,809	146,858	(3,723)	(2,924)
3 to 5 years	2.87	3.54	60,588	60,369	(1,970)	(2,215)
Greater than 5 years	5.23	5.18	5,000	10,000	(742)	(892)
			284,665	219,466	(7,177)	(6,047)

The fair value of interest rate swaps outstanding are recognised as other financial assets/liabilities. Hedge accounting has been adopted. Interest rate swaps are valued using a discounted cash flow valuation. Key inputs for the valuation of interest rate swaps are the estimated future cash flows based on observable yield curves at the end of the reporting period, discounted at a rate that reflects the credit risk of the various counterparties.

Therefore the Group has categorised these derivatives as Level 2 under the fair value hierarchy contained within NZ IFRS 13. There were no transfers between fair value hierarchy levels during the current or prior periods.

(e) Liquidity

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve banking facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial assets and financial liabilities at balance date. The tables have been drawn up based on the undiscounted cash flows of the financial assets and liabilities. The table includes both interest and principal cash flows.

For the Financial Year ended 30 June, 2016

31. FINANCIAL INSTRUMENTS CONTINUED

		Maturity Dates							
Group - 2016	Weighted average effective interest rate %	On Demand $'000	Less than 1 Year $'000	1-2 Years $'000	2-3 Years $'000	3-4 Years $'000	4-5 Years $'000	5+ Years $'000	Total $'000
Financial assets:									
Cash and cash equivalents	1.6	120,251	-	-	-	-	-	-	120,251
Trade and other receivables	-	1,320,387	-	-	-	-	-	-	1,320,387
Other financial assets									
- investment	-	-	-	1,255	-	-	-	-	1,255
		1,440,638	-	1,255	-	-	-	-	1,441,893
Financial liabilities:									
Trade and other payables	-	1,600,415	11,196	521	521	521	521	2,604	1,616,299
Finance leases	8.6	-	156	39	-	-	-	-	195
Bank loans	3.8	-	14,053	14,053	206,905	95,186	26,999	51,957	409,153
Other financial liabilities									
- derivatives	-	-	8,652	-	-	-	-	-	8,652
		1,600,415	34,057	14,613	207,426	95,707	27,520	54,561	2,034,299

		Maturity Dates							
Group - 2015	Weighted average effective interest rate %	On Demand $'000	Less than 1 Year $'000	1-2 Years $'000	2-3 Years $'000	3-4 Years $'000	4-5 Years $'000	5+ Years $'000	Total $'000
Financial assets:									
Cash and cash equivalents	2.1	109,521	-	-	-	-	-	-	109,521
Trade and other receivables	-	803,839	-	-	-	-	-	-	803,839
Other financial assets									
- derivatives	-	-	2,184	-	-	-	-	-	2,184
		913,360	2,184	-	-	-	-	-	915,544
Financial liabilities:									
Trade and other payables	-	941,203	11,054	521	521	521	521	3,125	957,466
Finance leases	8.6	-	167	208	-	-	-	-	375
Bank loans	4.0	-	16,979	93,579	161,454	99,923	98,806	-	470,741
Other financial liabilities									
- derivatives	-	-	6,047	-	-	-	-	-	6,047
		941,203	34,247	94,308	161,975	100,444	99,327	3,125	1,434,629

31. FINANCIAL INSTRUMENTS CONTINUED

(f) Sensitivity analysis

(i) Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date. The analysis is prepared assuming the amount of the financial instrument outstanding at the balance sheet date was outstanding for the whole year.

The impact to Profit for the Year and Total Equity as a result of a 100 basis point movement in interest rates is as follows:

	2016 $'000	2015 $'000
+ 100 basis point shift up in yield curve		
Impact on Profit	-	-
Impact on Total Equity	5,006	4,971
- 100 basis point shift down in yield curve		
Impact on Profit	-	-
Impact on Total Equity	(5,211)	(5,142)

(ii) Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase or decrease in the foreign currency rate against the presentation currency of the Group. The sensitivity analysis below is determined on exposure to outstanding foreign currency contracts and foreign currency monetary items, and adjusts their translation at year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and equity where the functional currency weakens 10% against the relevant currency.

	2016 $'000	2015 $'000
+ 10% shift in NZD rate		
Impact on Profit for the Year	-	(709)
Impact on Total Equity	(4,036)	(3,436)
- 10% shift in NZD rate		
Impact on Profit for the Year	-	709
Impact on Total Equity	4,930	3,436

31. FINANCIAL INSTRUMENTS CONTINUED

(g) Credit risk management
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counter parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse sectors and geographical areas. On-going credit evaluation is performed on the financial condition of the trade receivables.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit risk associated with guarantees provided by the Group are disclosed in Note 28.

The Group does not have any significant credit risk exposure to any single counter party or any Group of counter parties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies.

(h) Fair value of financial instruments
The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

(i) Liquidity risk management
The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(j) Capital risk management
The Group manages its capital, meaning Total Shareholders' Funds, to ensure that each entity within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity. The Group has certain capital risk management covenants under its agreement with its bankers, such as retaining minimum shareholder funds. None of its banking covenants were breached during the year. The Group's overall strategy remains unchanged from 2015.

32. EVENTS AFTER BALANCE DATE

Subsequent to year end the Board has approved a final dividend to shareholders. For further details please refer to Note 23.

On 4 August 2016 EBOS Group Limited announced it had entered into an agreement to merge its Chemmart business with the Terry White Group businesses to create one of Australia's largest retail pharmacy networks.
EBOS Group will sell the Chemmart business assets and subscribe for shares in Terry White Group Limited (TWG), which will result in EBOS Group consolidating TWG in its financial statements from completion. The expected earnings impact is not material to EBOS Group.
Completion of the transaction is subject to a number of conditions, including TWG shareholder approval. Subject to the satisfaction or waiver of those conditions, the transaction is expected to complete in late October 2016.

ADDITIONAL STOCK EXCHANGE INFORMATION

As at 15 July, 2016

Twenty Largest Shareholders	Fully paid shares	Percentage of paid capital
Sybos Holdings Pte Limited	60,525,721	40.00%
HSBC Nominees (New Zealand) Limited – NZCSD HKBN90	8,931,470	5.90%
JP Morgan Chase Bank NA NZ Branch-Segregated Clients Acct – NZCSD CHAM24	7,713,751	5.10%
Citibank Nominees (New Zealand) Limited – NZCSD CNOM90	3,697,333	2.44%
Forsyth Barr Custodians Limited 1-CUSTODY	3,667,787	2.42%
Whyte Adder No 3 Limited	3,596,425	2.38%
Tea Custodians Limited Client Property Trust Account – NZCSD TEAC40	3,014,055	1.99%
FNZ Custodians Limited	2,791,574	1.85%
Accident Compensation Corporation – NZCSD ACCI40	2,605,853	1.72%
JP Morgan Nominees Australia Limited	2,530,519	1.67%
HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD HKBN45	2,425,153	1.60%
Custodial Services Limited A/C 3	2,206,791	1.46%
National Nominees New Zealand Limited – NZCSD NNLZ90	2,192,705	1.45%
BNP Paribas Nominees Pty Ltd Agency Lending DRP A/C	935,821	0.62%
Custodial Services Limited A/C 2	892,994	0.59%
Custodial Services Limited A/C 4	826,343	0.55%
Citicorp Nominees Pty Limited	815,850	0.54%
New Zealand Permanent Trustees Limited – NZCSD NZPT43	810,123	0.54%
Custodial Services Limited A/C 18	791,526	0.52%
Investment Custodial Services Limited A/C C	773,157	0.51%
	111,744,951	73.85%

Substantial Security Holders

As at 15 July 2016 the following persons are deemed to be substantial security holders in accordance with Section 26 of the Securities Markets Amendment Act 1988.

	Fully paid shares	Percentage of paid capital
Sybos Holdings Pte Limited	60,525,721	40.00%
Fidelity Holdings	15,032,018	9.93%
	75,557,739	49.93%

Distribution of Shareholders and Shareholdings	Holders	Fully paid shares	Percentage of paid capital
Size of Holding			
1 to 1,000	2,112	1,061,181	0.70%
1,001 to 5,000	3,044	7,553,140	5.00%
5,001 to 10,000	837	5,949,863	3.93%
10,001 to 100,000	696	15,300,275	10.11%
100,001 and over	52	121,449,845	80.26%
Total	6,741	151,314,304	100.00%

Unmarketable parcel as at 15 July 2016

As at 15 July 2016, there were 114 shareholders (with a total of 1,558 shares) holding less than a marketable parcel of shares under the ASX Listing Rules, based on the closing share price of A$15.31. The ASX Listing Rules define a marketable parcel of shares as a parcel of shares of not less than A$500.

ADDITIONAL STOCK EXCHANGE INFORMATION CONTINUED

Waivers from the NZX and ASX Listing Rules
Waivers granted from the application of NZX and ASX Listing Rules are published on the Company's website.

The terms of the Company's admission to the ASX and on-going listing requires the following disclosures:

1. The Company is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act dealing with the acquisition of shares (including substantial holdings and takeovers).

2. Limitations on the acquisition of securities imposed under New Zealand law are as follows:

   (a) In general, securities in the Company are freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition.
   (b) The New Zealand Takeovers Code creates a general rule under which the acquisition of 20% or more of the voting rights in the Company or the increase of an existing holding of 20% or more of the voting rights of the Company can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances), or compulsory acquisition of a shareholder holding 90% or more of the shares.
   (c) The New Zealand Overseas Investment Act 2005 and Overseas Investment Regulations 2005 (New Zealand) regulate certain investments in New Zealand by overseas interests. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required where an 'overseas person' acquires shares in the Company that amount to 25% or more of the shares issued by the Company, or if the overseas person already holds 25% or more, the acquisition increases that holding.
   (d) The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in the Company if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in the market.

Voting Rights
Shareholders may vote at a meeting of shareholders either in person or by proxy, attorney, or representative. Where voting is by show of hands or by voice every shareholder present in person or representative has one vote.

In a poll every shareholder present in person or by proxy, attorney or representative has one vote for each share.

DIRECTORY

REGISTERED OFFICES

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P O Box 411
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E-mail: ebos@ebosgroup.com

WEBSITE ADDRESS

Internet: www.ebosgroup.com

DIRECTORS

Mark Waller	Chairman
Elizabeth Coutts	Independent Director
Peter Kraus	
Stuart McGregor	
Sarah Ottrey	Independent Director
Barry Wallace	
Peter Williams	

SENIOR EXECUTIVES

Patrick Davies	Chief Executive Officer
Brett Barons	Executive General Manager, Pharmacy
Andrea Bell	Chief Information Officer
Michael Broome	Group General Manager, HCL and Symbion Contract Logistics
Simon Bunde	General Manager, Group Operations & Strategy
John Cullity	Chief Financial Officer
Sean Duggan	Chief Executive Officer, Animal Care
Tim Goldenberg	Group Human Resources Manager
David Lewis	General Manager, Onelink Australia
Stuart Spencer	Executive General Manager, Institutional Healthcare
Andrew Vidler	General Manager, Retail Services

AUDITOR

Deloitte
Christchurch

SECURITIES EXCHANGE

EBOS Group Limited shares are quoted on the New Zealand Securities Exchange and the Australian Securities Exchange (NZX/ASX code: EBO).

SHARE REGISTER

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Telephone: +64 9 488 8777

Computershare Investor Services Pty Ltd
GPO Box 3329
Melbourne, Victoria 3001
Australia
Telephone: 1800 501 366

Managing Your Shareholding Online:

To change your address, update your payment instructions and to view your
Investment portfolio including transactions, please visit:
www.computershare.com/investorcentre
General enquiries can be directed to:

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- Private Bag 92119, Auckland 1142, New Zealand or GPO Box 3329, Melbourne, Victoria 3001, Australia
- Telephone (NZ) +64 9 488 8777 or (Aust) 1800 501 366
- Facsimile (NZ) +64 9 488 8787 or (Aust) +61 3 9473 2500

Please assist our registrar by quoting your CSN or shareholder number.

NOTICE OF ANNUAL MEETING

The Annual Meeting of EBOS Group Limited will be held on Wednesday, 19 October 2016 at the Chateau on the Park, Cnr Deans Avenue and Kilmarnock Street, Christchurch, New Zealand, at 2.00pm.