EBOS GROUP LIMITED

INTERIM REPORT
2014

EBOS GROUP LIMITED
INTERIM REPORT 2014

CONTENTS **Page**

Summary of Financial Highlights	1
Shareholder Calendar	1
Auditor’s Report	2
Condensed Consolidated Income Statement	3
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Balance Sheet	5
Condensed Consolidated Cash Flow Statement	6
Notes to the Interim Financial Statements	7
Directory	19

EBOS GROUP LIMITED
INTERIM REPORT 2014
SUMMARY OF FINANCIAL HIGHLIGHTS

	Six months 31 Dec 13 $'000 (Unaudited)	**Six months 31 Dec 12 $'000 (Unaudited)**	**Year ended 30 Jun 13 $'000 Audited**
Revenue	3,001,512	755,250	1,823,169
EBITDA	96,247	27,230	58,243
Profit before income tax expense	69,347	20,828	42,214
Profit for the period	49,409	14,959	28,207
Shareholders' interest	961,131	215,903	304,877
Earnings per share	34c	25c*	47c*
Interest cover	5.5	6.0	5.4
Net interest bearing debt to net interest bearing debt plus equity	26.7%	30.8%	36.3%
Net asset backing per share	651c	410c	465c

* Earnings per share for comparative periods has been adjusted for the bonus share element included in the rights issue of 5 July 2013, as required by International Financial Reporting Standards. This is to allow a direct like for like comparison of the current period earnings per share with comparative periods.

SHAREHOLDER CALENDAR

Release of half year result	19 February 2014
Interim dividend record date	14 March 2014
Interim dividend payable	4 April 2014
Release of full year result	Late August 2014
Final dividend payable	Late October 2014
Annual General Meeting	31 October 2014

Deloitte.

REVIEW REPORT TO THE SHAREHOLDERS OF EBOS GROUP LIMITED

We have reviewed the condensed consolidated interim financial statements on pages 3 to 18. The condensed consolidated interim financial statements provide information about the past financial performance of the EBOS Group Limited and its financial position as at 31 December 2013. This information is stated in accordance with the accounting policies referred to on page 7.

This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a review 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 engagement, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of the condensed consolidated interim financial statements which give a true and fair view of the financial position of the Group as at 31 December 2013 and of the results of operations and cash flows for the six months ended on that date.

Independent Accountant's Responsibilities

We are responsible for reviewing the condensed consolidated interim financial statements presented by the Board of Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the condensed consolidated interim financial statements do not present fairly the matters to which they relate.

Basis of Opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

We have reviewed the condensed consolidated interim financial statements of EBOS Group Limited for the six months ended 31 December 2013 in accordance with the Review Engagement Standards issued by the External Reporting Board.

Other than in our capacity as auditors under the Companies Act 1993, the provision of due diligence work, internal control assurance services and other advisory services we have no relationship with or interests in EBOS Group Limited or any of its subsidiaries.

Opinion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements on pages 3 to 18 do not present fairly the financial position of the Group as at 31 December 2013 and the results of operations and cash flows for the six months ended on that date in accordance with NZ IAS 34: Interim Financial Reporting and IAS 34: Interim Financial Reporting.

Our review was completed on 18 February 2014 and our review opinion is expressed as at that date.

Deloitte

Chartered Accountants
Christchurch, New Zealand

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
For the Six Months ended 31 December 2013

	Notes	Six months 31 Dec 13 $'000 (Unaudited)	Six months 31 Dec 12 $'000 (Unaudited)	Year ended 30 Jun 13 $'000 (Audited)
Revenue	2(a)	3,001,512	755,250	1,823,169
Profit before depreciation, amortisation, finance costs and income tax expense		96,247	27,230	58,243
Depreciation	2(b)	(5,187)	(2,171)	(4,922)
Amortisation of finite life intangibles	2(b)	(6,162)	(91)	(1,514)
Profit before finance costs and tax		84,898	24,968	51,807
Finance costs	2(b)	(15,551)	(4,140)	(9,593)
Profit before income tax expense	2(b)	69,347	20,828	42,214
Income tax expense		(19,938)	(5,869)	(14,007)
Profit for the period		49,409	14,959	28,207

Earnings per share			
Basic (cents per share)	34	25	47
Diluted (cents per share)	34	25	47

Calculated on a weighted average basis of the number of shares on issue.

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Six Months ended 31 December 2013

	Six months 31 Dec 13 $'000 (Unaudited)	Six months 31 Dec 12 $'000 (Unaudited)	Year ended 30 Jun 13 $'000 (Audited)
Profit for the period	49,409	14,959	28,207
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges gains/(losses)	404	(485)	2,773
Related income tax	(137)	144	(359)
Translation of foreign operations	(20,695)	(329)	(6,365)
Total comprehensive income net of tax	28,981	14,289	24,256

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six Months ended 31 December 2013

	Notes	Six months 31 Dec 13 $'000 (Unaudited)	Six months 31 Dec 12 $'000 (Unaudited)	Year ended 30 Jun 13 $'000 (Audited)
Equity at start of period		304,877	208,601	208,601
Profit for the period		49,409	14,959	28,207
Other comprehensive income:				
Movements in cashflow hedge reserve		267	(341)	2,414
Movement in foreign currency translation reserve		(20,695)	(329)	(6,365)
Dividends paid to company shareholders	4	(21,992)	(10,682)	(21,298)
Shares issued	3	649,265	3,695	93,318
Equity at end of period		961,131	215,903	304,877

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 December 2013

	Notes	31 Dec 13 $'000 (Unaudited)	31 Dec 12 $'000 (Unaudited)	30 Jun 13 $'000 (Audited)
Current assets				
Cash and cash equivalents		92,580	41,782	198,014
Trade and other receivables		755,396	178,149	736,429
Prepayments		7,269	2,912	7,837
Inventories		505,835	162,248	558,350
Current tax refundable		1,401	1,575	1,628
Other financial assets – derivatives		2,630	35	3,546
Total current assets		1,365,111	386,701	1,505,804
Non-current assets				
Property, plant and equipment		98,437	22,053	95,131
Capital work in progress		693	191	787
Prepayments		-	348	16
Deferred tax assets		28,936	6,357	34,361
Goodwill		721,046	180,422	722,158
Indefinite life intangibles		56,941	30,867	59,324
Finite life intangibles		82,067	269	95,145
Investment in associates		22,620	18,838	19,013
Total non-current assets		1,010,740	259,345	1,025,935
Total assets		2,375,851	646,046	2,531,739
Current liabilities				
Trade and other payables		874,358	263,147	892,645
Finance leases		968	411	1,189
Bank loans	7	176,560	9,001	215,675
Current tax payable		19,615	4,219	6,378
Employee benefits		22,460	8,021	25,725
Other financial liabilities – derivatives		1,668	870	2,872
Deferred purchase consideration		-	-	865,000
Total current liabilities		1,095,629	285,669	2,009,484
Non-current liabilities				
Bank loans	7	262,641	127,273	151,357
Trade and other payables		9,605	4,113	8,489
Deferred tax liabilities		40,073	10,784	48,365
Finance leases		2,566	1,034	3,296
Employee benefits		4,206	1,270	5,871
Total non-current liabilities		319,091	144,474	217,378
Total liabilities		1,414,720	430,143	2,226,862
Net assets		961,131	215,903	304,877
Equity				
Share capital	3	850,553	111,665	201,288
Foreign currency translation reserve		(26,370)	361	(5,675)
Retained earnings		134,685	104,636	107,268
Cash flow hedge reserve		2,263	(759)	1,996
Total equity		961,131	215,903	304,877

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the Six Months ended 31 December 2013

	Notes	Six months 31 Dec 13 $'000 (Unaudited)	Six months 31 Dec 12 $'000 (Unaudited)	Year ended 30 Jun 13 $'000 (Audited)
Cash flows from operating activities				
Receipts from customers		2,927,400	751,727	1,917,358
Interest received		1,461	446	1,198
Payments to suppliers and employees		(2,855,278)	(738,896)	(1,869,090)
Taxes paid		(8,460)	(8,239)	(13,458)
Interest paid		(15,551)	(4,140)	(9,593)
Net cash inflow from operating activities	5	49,572	898	26,415
Cash flows from investing activities				
Sale of property, plant & equipment		476	437	403
Purchase of property, plant & equipment		(15,485)	(1,129)	(2,943)
Payments for capital work in progress		-	(182)	(778)
Payments for intangible assets		(631)	(83)	(142)
Acquisition of associates		(2,988)	-	-
Acquisition of subsidiaries		(366,853)	-	49,263
Costs associated with acquisition of subsidiaries		-	-	(5,993)
Net cash (outflow)/inflow from investing activities		(385,481)	(957)	39,810
Cash flows from financing activities				
Proceeds from issue of shares	3	151,119	3,695	93,318
Proceeds from borrowings		317,716	2,700	30,009
Repayment of borrowings		(211,011)	(6,044)	(21,474)
Dividends paid to equity holders of parent	4	(21,992)	(10,682)	(21,298)
Net cash inflow/(outflow) from financing activities		235,832	(10,331)	80,555
Net (decrease)/increase in cash held		(100,077)	(10,390)	146,780
Effect of exchange rate fluctuations on cash held		(5,357)	(167)	(1,105)
Net cash and cash equivalents at beginning of period		198,014	52,339	52,339
Net cash and cash equivalents at end of period		92,580	41,782	198,014
Cash and cash equivalents		92,580	41,782	198,014
		92,580	41,782	198,014

1. FINANCIAL STATEMENTS

These unaudited interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) "Interim Financial Reporting" and International Accounting Standard IAS 34, as applicable for profit orientated entities.

The same accounting policies and methods of computation are applied in the interim financial statements as were applied in the financial statements for the year ended 30 June 2013. These financial statements should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 30 June 2013. The information is presented in thousands of New Zealand dollars unless otherwise stated.

2. PROFIT FROM OPERATIONS

		Six months 31 Dec 13 $'000 (Unaudited)	Six months 31 Dec 12 $'000 (Unaudited)	Year ended 30 Jun 13 $'000 (Audited)
(a)	**Revenue**			
	Revenue from the sale of goods	2,955,281	753,378	1,811,465
	Revenue from the rendering of services	44,770	1,308	10,506
	Management fees	-	118	-
	Interest revenue	1,461	446	1,198
		3,001,512	755,250	1,823,169
(b)	**Profit before income tax expense**			
	Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from operations:			
	Gain on sale of property, plant and equipment	286	227	170
	Change in fair value of derivative financial instruments	(115)	79	257
	Share of profits of associates	619	410	585
	Profit before income tax has been arrived at after (charging) the following expenses by nature:			
	Cost of sales	(2,701,778)	(656,945)	(1,597,475)
	Write-down of inventory	(1,550)	(1,280)	(2,227)
	Finance costs:			
	Bank interest	(15,229)	(3,863)	(8,979)
	Other interest expense	(322)	(277)	(614)
	Total finance costs	(15,551)	(4,140)	(9,593)
	Net bad and doubtful debts arising from:			
	Impairment loss on trade & other receivables	(1,249)	(357)	(14)
	Depreciation of property, plant & equipment	(5,187)	(2,171)	(4,922)
	Amortisation of finite life intangibles	(6,162)	(91)	(1,514)
	Operating lease rental expenses:			
	Minimum lease payments	(12,993)	(4,788)	(9,227)
	Donations	(41)	(30)	(29)
	Employee benefit expense	(97,585)	(33,750)	(76,213)
	Defined contribution plan expenses	(5,576)	(1,259)	(2,927)
	Costs associated with acquisition of subsidiaries	-	-	(5,993)
	Other expenses	(85,283)	(30,327)	(71,833)
	Total expenses	(2,932,955)	(735,138)	(1,781,967)
	Profit before income tax expense	69,347	20,828	42,214

3. SHARE CAPITAL

		Six months 31 Dec 13 (Unaudited)		**Six months 31 Dec 12 (Unaudited)**		**Year ended 30 Jun 13 (Audited)**
	No. '000	Total $'000	No. '000	Total $'000	No. '000	Total $'000
Fully paid ordinary shares						
Balance at beginning of period	65,546	201,288	52,107	107,970	52,107	107,970
Dividend re-invested –						
October 2012	-	-	429	3,445	429	3,445
April 2013	-	-	-	-	357	3,100
October 2013	996	9,500	-	-	-	-
Bonus issue – June 2013	-	-	-	-	1,999	-
Institutional placement – June 2013	-	-	-	-	10,591	90,026
Share issue costs	-	-	-	-	-	(3,503)
Rights issue - July 2013	22,941	149,119	-	-	-	-
Share issue costs	-	(7,356)	-	-	-	-
Issue of consideration shares – July 2013	58,127	498,146	-	-	-	-
Share issue costs	-	(144)	-	-	-	-
Issue of shares to executives and staff under employee share ownership scheme	-	-	63	250	63	250
	147,610	850,553	52,599	111,665	65,546	201,288

4. DIVIDENDS

		Six months 31 Dec 13 (Unaudited)		**Six months 31 Dec 12 (Unaudited)**		**Year ended 30 Jun 13 (Audited)**
	Cents per share	Total $'000	Cents per share	Total $'000	Cents per share	Total $'000
<u>Recognised amounts</u>						
Fully paid ordinary shares						
- Final – prior year	15.0	21,992	20.5	10,682	20.5	10,682
- Taxable bonus issue	-	-	-	-	-	1,411
- Interim – current year	-	-	-	-	17.5	9,205
	15.0	21,992	20.5	10,682	38.0	21,298
<u>Unrecognised amounts</u>						
Final dividend	-	-	-	-	15.0	21,992
Interim dividend	20.5	30,260	17.5	9,205	-	-
	20.5	30,260	17.5	9,205	15.0	21,992

The Board approved an interim dividend of 20.5 cents per share on 18 February 2014. The record date for the dividend is 14 March 2014 and the dividend will be paid on 4 April 2014. The Group's dividend reinvestment plan will be operable for this interim dividend.

5. NOTES TO THE CASH FLOW STATEMENT

	Six months 31 Dec 13 $'000 (Unaudited)	Six months 31 Dec 12 $'000 (Unaudited)	Year ended 30 Jun 13 $'000 (Audited)
Reconciliation of profit for the period with cash flows from operating activities			
Profit for the period	49,409	14,959	28,207
Add/(less) non-cash items:			
Depreciation	5,187	2,171	4,922
Gain on sale of property, plant & equipment	(286)	(227)	(170)
Share of profits of associates	(619)	(410)	(585)
Amortisation of finite life intangibles	6,162	91	1,514
Loss/(gain) on derivatives/financial instruments	115	(79)	(257)
Deferred tax	(2,901)	1,264	12
Provision for doubtful debts	(156)	(125)	(441)
	7,502	2,685	4,995
Movements in working capital:			
Trade and other receivables	(18,811)	(2,312)	(560,276)
Prepayments	584	1,475	(3,118)
Inventories	52,515	749	(395,353)
Current tax refundable/payable	13,464	(3,609)	(1,503)
Trade and other payables	(17,171)	(12,231)	621,643
Employee benefits	(4,930)	(473)	21,832
Foreign currency translation of opening working capital balances	(32,990)	(345)	(6,421)
	(7,339)	(16,746)	(323,196)
Cash costs classified as investing activities:			
Costs associated with acquisition of subsidiaries	-	-	5,993
Working capital items acquired	-	-	310,416
Net cash inflow from operating activities	49,572	898	26,415

6. SEGMENT INFORMATION

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

The Group's reportable segments are:

Healthcare: Incorporates the sale of human 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 parent company 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:

	Six months 31 Dec 13 $'000 (Unaudited)	Six months 31 Dec 12 $'000 (Unaudited)	Year ended 30 Jun 13 $'000 (Audited)
Revenue from external customers			
Healthcare	2,823,018	673,312	1,652,450
Animal care	177,033	81,492	169,521
Corporate	1,461	446	1,198
Segment result			
Healthcare	81,922	19,573	49,068
Animal care	15,720	9,378	18,670
Corporate	(1,395)	(1,721)	(9,495)*
Segment expenses			
Healthcare:			
Depreciation	(4,439)	(1,622)	(3,785)
Amortisation of finite life intangibles	(5,139)	(15)	(1,194)
Income tax expense	(20,133)	(5,116)	(13,146)
Animal care:			
Depreciation	(748)	(549)	(1,137)
Amortisation of finite life intangibles	(1,023)	(76)	(320)
Income tax expense	(4,402)	(2,395)	(4,588)
Corporate:			
Finance costs	(15,551)	(4,140)	(9,593)
Income tax credit	4,597	1,642	3,727
Profit for the period			
Healthcare	52,211	12,820	30,943
Animal care	9,547	6,358	12,625
Corporate	(12,349)	(4,219)	(15,361)*
	49,409	14,959	28,207

* Includes costs associated with the acquisition of subsidiaries of $5.993m.

6. SEGMENT INFORMATION (Continued)

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

(c) Segment assets

The following balance sheet items are not allocated to operating segments as they are not reported to the chief operating decision maker at a segment level:

- Assets
- Liabilities
- Capital expenditure

(d) Revenues from major products and services

The Group's major products and services are the same as its reportable segments i.e. healthcare, and animal care, and corporate.

(e) Geographical information

The Group operates in two principal geographical areas; New Zealand (country of domicile) 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):

	Six months 31 Dec 13 $'000 (Unaudited)	Six months 31 Dec 12 $'000 (Unaudited)	Year ended 30 Jun 13 $'000 (Audited)
Revenue from external customers			
New Zealand	650,064	642,183	1,257,302
Australia	2,351,448	113,067	565,867
	3,001,512	755,250	1,823,169
Non-current assets			
New Zealand	207,002	207,464	206,945
Australia	752,182	26,686	765,616
	959,184	234,150	972,561

(f) Information about major customers

No revenues from transactions with a single customer amount to 10% or more of the Group's revenues (December 2012: Nil, June 2013: Nil).

7. BANK FACILITY AND BORROWINGS

The Group fully complies with and operates within the financial covenants under the arrangements with its bankers. At 31 December 2013 the Group has unutilised term and revolving cash advance facilities of $79.8m (December 2012: $68m, June 2013: $69.5m).
The Group also has a trade debtor securitisation facility of which $310m was unutilised at 31 December 2013 (December 2012: Nil, June 2013: $302.8m).

7. BANK FACILITY AND BORROWINGS (Continued)

On 5 July 2013 the Group refinanced its syndicated banking facilities. The effect of this refinancing was to retain the facility head room that was in place at 30 June 2013 in addition to funding the settlement of the acquisition of the Symbion Group on 5 July 2013. This refinancing also extended the maturity profile of the Group's borrowing facilities. The Group is committed to repayments of its term debt facilities of approximately $20m per year with quarterly repayment terms.

The Groups new facilities are summarised below:

Facility	Amount (NZD)	Maturity
Term debt facilities	$85.6m	July 2015
Term debt facilities	$95.1m	July 2016
Term debt facilities	$101.1m	July 2017
Working capital facilities	$90.9m	July 2015
Securitisation facility	$456.3m	September 2015

8. SIGNIFICANT TRANSACTIONS DURING THE PERIOD

On 4 July 2013 EBOS Group Limited received a net $141.8m in proceeds from a non re-nounceable rights issue to existing shareholders.

On 5 July 2013, in accordance with the sale and purchase agreement to purchase the Symbion Group, the full deferred consideration payable balance of $865m was settled in favour of the previous owners of the Symbion Group, Zuellig Group. This consideration was made through an issue of EBOS Group Limited shares to the Zuellig Group of $498m and cash consideration of $367m. The cash consideration paid was funded by additional debt funding of $134m and cash reserves.

As a result of this transaction the Zuellig Group holds 40% of the shares in EBOS Group Limited. Also on the 5 July 2013 two new Directors, Peter Williams and Stuart McGregor, were appointed to the Board of EBOS Group Limited and represent the Zuellig Group.

In addition to the above in December 2013 EBOS Group Limited was also registered on the Australian Stock Exchange along with its continuing listing on the New Zealand Exchange.

9. RELATED PARTY DISCLOSURES

EBOS Group Limited is the immediate parent, ultimate parent and controlling party.

At 30 June 2013 ZHHA Pty Limited, a subsidiary of EBOS Group Limited, owed CB Norwood Pty Limited, a subsidiary of the Zuellig Group, $7.230m and Zuellig Group Incorporated $1.856m. These balances were repaid during the period.

As at 31 December 2013 no balances were owing to related parties of EBOS Group.

No amounts owed to related parties have been written off or forgiven during the period.

10. EVENTS AFTER BALANCE DATE

Subsequent to 31 December 2013 the Board have approved an interim dividend to shareholders. For further details please refer to note 4.

11. PROSPECTIVE FINANCIAL INFORMATION

The EBOS Group Limited pro-rata renounceable entitlement offer prospectus issued on 5 June 2013 contained prospective financial information (PFI) for the six month period ended 31 December 2013.

The following information is a comparison of the financial statements of EBOS Group Limited from the prospectus dated 5 June 2013 with the actual result for the same period for the six months ended 31 December 2013.

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
For the Six Months ended 31 December 2013

	Actual $M (Unaudited)	Adjusted PFI *(1)* $M (Unaudited)	Original PFI $M (Unaudited)
Revenue	3,001.5	2,980.7	3,169.6
Profit before depreciation, amortisation, finance costs and income tax expense	96.2	97.3	103.6
Depreciation	(5.2)	(6.7)	(7.1)
Amortisation of finite life intangibles	(6.1)	(7.8)	(8.5)
Profit before finance costs and tax	84.9	82.8	88.0
Finance costs	(15.6)	(17.3)	(18.4)
Profit before income tax expense	69.3	65.5	69.6
Income tax expense	(19.9)	(19.7)	(20.9)
Profit for the period	49.4	45.8	48.7

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Six Months ended 31 December 2013 (unaudited)

	Actual $M (Unaudited)	Adjusted PFI *(1)* $M (Unaudited)	Original PFI $M (Unaudited)
Profit for the period	49.4	45.8	48.7
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges gains	0.4	-	-
Related income tax	(0.1)	-	-
Translation of foreign operations*	(20.7)	(25.4)	-
Total comprehensive income net of tax	29.0	20.4	48.7

* Represents non-profit foreign currency exchange movements arising from the conversion of the Group's Australian dollar balance sheet items into the Group's financial reporting presentation currency, being New Zealand dollars.

(1) The original PFI was determined on an assumed NZD:AUD exchange rate of 0.82:1 for the purpose of converting the Group's Australian dollar denominated trading results, cashflows and balance sheet. To better understand the underlying performance of the Group the original PFI has been restated using the actual exchange rates that have eventuated on which actual results to 31 December 2013 have been recognised.

11. PROSPECTIVE FINANCIAL INFORMATION (Continued)

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six Months ended 31 December 2013

	Actual $M (Unaudited)	**Adjusted PFI *(1)* $M (Unaudited)**	**Original PFI $M (Unaudited)**
Equity at start of period	304.9	301.7	305.3
Profit for the period	49.4	45.8	48.7
Other comprehensive income:			
Movements in cashflow hedge reserve	0.3	-	-
Movement in foreign currency translation reserve	(20.7)	(25.4)	-
Dividends paid to company shareholders	(22.0)	(22.0)	(22.0)
Shares issued	649.2	646.3	646.3
Equity at end of period	961.1	946.4	978.3

11. PROSPECTIVE FINANCIAL INFORMATION (Continued)

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 December 2013

	Actual $M (Unaudited)	Adjusted PFI *(1)* $M (Unaudited)	Original PFI $M (Unaudited)
Current assets			
Cash and cash equivalents	92.6	55.1	74.9
Trade and other receivables	755.4	761.9	832.0
Prepayments	7.3	7.6	8.2
Inventories	505.8	483.3	521.8
Current tax refundable	1.4	-	-
Other financial assets – derivatives	2.6	-	-
Investments	-	48.9	54.8
Total current assets	1,365.1	1,356.8	1,491.7
Non-current assets			
Property, plant and equipment	98.4	86.5	94.6
Capital work in progress	0.7	-	-
Prepayments	-	-	0.2
Deferred tax assets	28.9	9.6	10.2
Goodwill	721.0	736.1	729.2
Indefinite life intangibles	56.9	30.8	30.8
Finite life intangibles	82.1	122.6	137.6
Investment in associates	22.6	19.5	19.5
Total non-current assets	1,010.7	1,005.1	1,022.1
Total assets	2,375.8	2,361.9	2,513.8
Current liabilities			
Trade and other payables	874.4	845.0	913.6
Finance leases	1.0	0.3	0.3
Bank loans	176.6	188.7	211.3
Current tax payable	19.6	14.3	16.2
Employee benefits	22.5	19.8	21.3
Other financial liabilities – derivatives	1.6	0.9	0.9
Total current liabilities	1,095.7	1,069.0	1,163.6
Non-current liabilities			
Bank loans	262.6	280.6	300.0
Trade and other payables	9.6	16.4	17.9
Deferred tax liabilities	40.1	43.4	47.4
Finance leases	2.5	0.9	0.9
Employee benefits	4.2	5.2	5.7
Total non-current liabilities	319.0	346.5	371.9
Total liabilities	1,414.7	1,415.5	1,535.5
Net assets	961.1	946.4	978.3
Equity			
Share capital	850.6	849.2	849.2
Foreign currency translation reserve	(26.4)	(30.1)	(1.3)
Retained earnings	134.7	127.6	130.8
Other reserves	-	0.5	0.5
Cash flow hedge reserve	2.2	(0.8)	(0.9)
Total non-current liabilities	961.1	946.4	978.3

11. PROSPECTIVE FINANCIAL INFORMATION (Continued)

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the Six Months ended 31 December 2013 (unaudited)

	Actual $M (Unaudited)	Adjusted PFI *(1)* $M (Unaudited)	Original PFI $M (Unaudited)
Cash flows from operating activities			
Receipts from customers	2,927.4	2,929.0	3,113.1
Interest received	1.5	0.4	0.4
Payments to suppliers and employees	(2,855.3)	(2,856.8)	(3,035.0)
Taxes paid	(8.4)	(16.9)	(17.4)
Interest paid	(15.6)	(17.3)	(18.4)
Net cash inflow from operating activities	49.6	38.4	42.7
Cash flows from investing activities			
Sale of property, plant & equipment	0.5	-	-
Purchase of property, plant & equipment	(15.5)	(13.4)	(14.6)
Payments for intangible assets	(0.6)	-	-
Acquisition of associates	(3.0)	-	-
Acquisition of subsidiaries	(366.9)	(369.3)	(369.3)
Net cash (outflow) from investing activities	(385.5)	(382.7)	(383.9)
Cash flows from financing activities			
Proceeds from issue of shares	151.1	148.1	148.2
Increase of investment in Class B Note	-	(4.8)	(5.3)
Proceeds from borrowings	317.8	134.3	140.0
Repayment of borrowings	(211.0)	(26.9)	(19.2)
Dividends paid to equity holders of parent	(22.0)	(22.0)	(22.0)
Net cash inflow from financing activities	235.9	228.7	241.7
Net (decrease) in cash held	(100.0)	(115.6)	(99.5)
Effect of exchange rate fluctuations on cash held	(5.4)	(2.6)	-
Net cash and cash equivalents at beginning of period	198.0	173.3	174.4
Net cash and cash equivalents at end of period	92.6	55.1	74.9
Cash and cash equivalents	92.6	55.1	74.9
	92.6	55.1	74.9

11. PROSPECTIVE FINANCIAL INFORMATION (Continued)

The material reasons for the differences between the 'adjusted' prospective financial information ('adjusted PFI') and actual figures are as follows:

Condensed Consolidated Income Statement:

Profit before depreciation, amortisation, finance costs and tax of $96.2m was consistent with the $97.3m forecast in the adjusted PFI.

Depreciation ($1.5m) and amortisation ($1.7m) were down on adjusted PFI due to less depreciable property, plant and equipment and finite life intangible assets being acquired at the time of acquisition than were forecast in the adjusted PFI.

Finance costs were down $1.7m on adjusted PFI due to a lower than forecast net debt balance and a lower bank funding margin being negotiated under the Groups new syndicated banking facility agreement entered into on 5 July 2013.

The above movements have resulted in NPAT for the six months to December 2013 being $3.6m higher than was forecast in the adjusted PFI.

Condensed Consolidated Balance Sheet:

The Group's Net Debt position of $346.6m (bank loans offset by cash and cash equivalents and investments) is less than adjusted PFI, $365.3m, by $18.7m. This is primarily due to less cash being tied up in working capital items (receivables $6.5m, trade and other payables $29.4m offset by inventory ($22.5m) due to timing differences for receipts from customers and inventory purchases/payments.

Investments are nil compared to $48.9 in the adjusted PFI. This is as a result of this balance for 31 December 2013 being offset against loans and borrowings as a result of a difference in accounting policies from that used in the preparation of the adjusted PFI. The treatment at 31 December 2013 is consistent with the policy applied in the 30 June 2013 annual financial statements.

Property, plant and equipment is up $11.9m on the adjusted PFI as a result of land and building valuations acquired as part of the Symbion acquisition being higher than forecast in the adjusted PFI.

Deferred tax assets are $19.3m higher compared to the adjusted PFI as a result of additional deferred tax assets being recognised on the acquisition of Symbion than were forecast in the adjusted PFI.

Goodwill is lower than adjusted PFI by $15.1m due to the net assets acquired as part of the acquisition of the Symbion Group, post fair value acquisition adjustments, being higher than was originally forecast in adjusted PFI.

Indefinite life intangible assets are $26.1m higher than adjusted PFI and Finite life intangible assets $40.6m lower than the adjusted PFI due to the finalisation of the valuations of the intangibles acquired as part of the acquisition of the Symbion Group.

11. PROSPECTIVE FINANCIAL INFORMATION (Continued)

Condensed Consolidated Cash Flow Statement:

Net operating cash flows are up $11.2m on adjusted PFI due to less cash being tied up in working capital balances at period end than were anticipated in the adjusted PFI as a result of timing differences for receipts from customers and inventory purchases/payments.

Net investing activity and financing activity cash flows are materially consistent with the PFI.

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Mark Waller	Chief Executive and Managing Director
Elizabeth Coutts	Independent Director
Peter Kraus	
Stuart McGregor	
Sarah Ottrey	Independent Director
Barry Wallace	
Peter Williams	

Senior Executives

Mark Waller	Chief Executive
Michael Broome	Group General Manager – Healthcare Logistics/ProPharma
Angus Cooper	General Manager – Group Projects/Mergers & Acquisitions
Patrick Davies	Chief Executive – Symbion Group
Dennis Doherty	Chief Financial Officer
Sean Duggan	Chief Executive – Masterpet Group
Kelvin Hyland	General Manager – EBOS Healthcare New Zealand
David Lewis	General Manager – EBOS Healthcare Australia
Greg Managh	Group General Manager – Onelink/MIS

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