

strength through diversity



Australasia's largest
provider of medical and
healthcare products to the
human and animal markets.



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Foreword

If you needed access to medicine in either Australia or New Zealand over the past year – whether through your pharmacy, in a hospital, an aged care facility or even for your pet through a veterinary service – it's likely EBOS played a role in getting that medicine to you.

That's because, every year, EBOS moves millions of healthcare products and is involved in hundreds of thousands of interactions throughout the healthcare system, playing our part in improving the wellbeing of communities right across the length and breadth of both countries. That's a claim not many companies can make.

Throughout our long history, our business units and brands have always delivered products and services that consumers trust.

We can do all of this because of our diversity. We are committed to expanding our portfolio to ensure that we participate in emerging opportunities, evolving our Group to meet the ever-changing demands of the market. We are trusted partners to governments, businesses and consumers across our wide range of operations in healthcare and animal care.

Because Life Matters.

We are trusted partners to governments, businesses and consumers across our wide range of operations in healthcare and animal care.



Healthcare

COMMUNITY PHARMACY

Dedicated to the long-term health of the community pharmacy industry, our full-line wholesale businesses manage the distribution of medicines and over-the-counter products to independent pharmacies, leading pharmacy franchises and banner groups. We further support pharmacies through our retail branded franchise systems, comprehensive support programs, and reporting and management software solutions, all of which are designed to help community pharmacies grow.

Our trans-Tasman Consumer Products division, Endeavour Consumer Health, brings high-quality, cost-effective products to the market and is the name behind some of the most trusted pharmacy brands, including the iconic Faulding range.

PHARMACY WHOLESALE



PHARMACY WHOLESALERS RUSSELLS



PHARMACY RETAIL









CONSUMER PRODUCTS





Pharmacist Joseph Bollella
at Henley Beach Chemmart.

Healthcare

INSTITUTIONAL HEALTHCARE

EBOS Group is an integral provider to the Australasian institutional healthcare markets. Our businesses support public and private hospitals, day surgeries, general practitioner clinics and aged care facilities with a comprehensive range of products and services. From large scale public hospital supply chain solutions, right through to individually tailored specialty product access solutions, we are constantly changing our business to help our customers prosper.

CONTRACT LOGISTICS

Our Contract Logistics division provides distribution, warehousing and logistics support to pharmaceutical manufacturers and medical device suppliers across Australia and New Zealand. We pride ourselves on providing the highest quality standards to our customers and we know just how important this is to our shared success.

We also offer a range of specialised logistics services for the clinical research industry.



Animal Care

VETERINARY AND PET CARE

EBOS' Animal Care division provides sales, marketing, wholesale and distribution support to pet stores and vet clinics. We own a number of market leading pet food brands and have a retail presence in New Zealand through a 50% ownership in the Animates pet store chain.

Our Australian veterinary business, Lyppard, meets the diverse wholesale requirements of the veterinary industry.



Dr Mark Foley at Monash Veterinary Clinic.

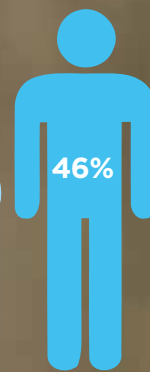
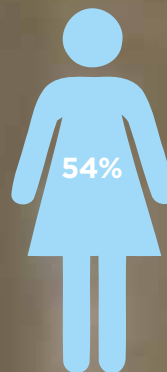
Our People

Each and every day, EBOS employees make a tangible difference to the lives of others.

We recognise that our people play an integral role in the delivery of health outcomes to the community and we are fortunate to have the very best in the industry. Our strong results are a reflection of the commitment and talent of our employees across each of our different business units.

2,400+

STAFF MEMBERS



■ 335 IN ANIMAL CARE
■ 2,069 IN HEALTHCARE

A photograph of Rhonda Colley, a woman with short brown hair and glasses, smiling. She is wearing a bright yellow high-visibility vest over a purple patterned shirt. The vest has the 'symbion' logo on the left chest. She is holding a handheld electronic device with a screen and a keypad in her right hand, and several small white boxes in her left hand. The background is a blurred industrial setting with metal structures and yellow safety railings.

Rhonda Colley at Symbion, Melbourne, Victoria. In 2015, Rhonda celebrated 30 years of service with Symbion.

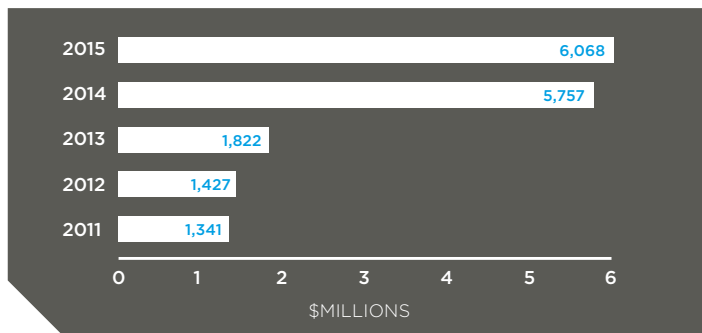
Summary of Results

HIGHLIGHTS

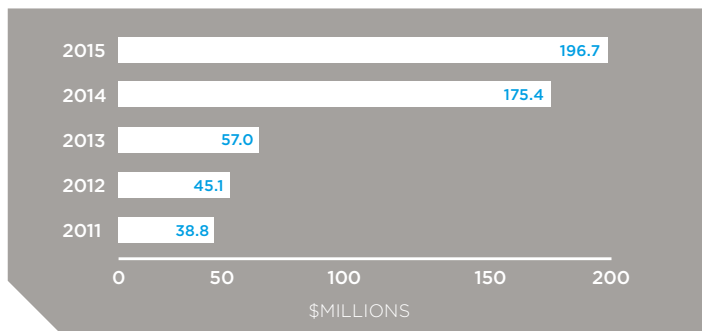
- \$6.1 billion revenue **+5.4% increase**
- \$196.7 million EBITDA **+12.1% increase**
- \$105.9 million net profit after tax **+15.1% increase**
- \$133.8 million operating cashflow **+17.2% increase**
- 70.8 cents earnings per share **+12.7% increase**
- 47.0 cents total dividends per share **+14.6% increase**

All figures are in New Zealand Dollars, unless otherwise stated.

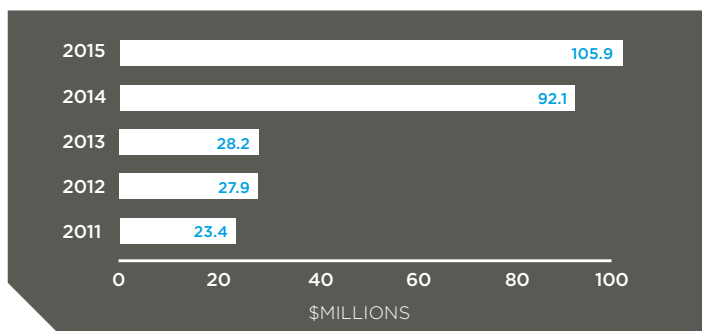
FIVE YEAR REVENUE TREND



FIVE YEAR EBITDA TREND



FIVE YEAR CONTINUING OPERATIONS NPAT TREND



REVENUE

78%
Australia

22%
New Zealand

EBITDA

81%
Australia

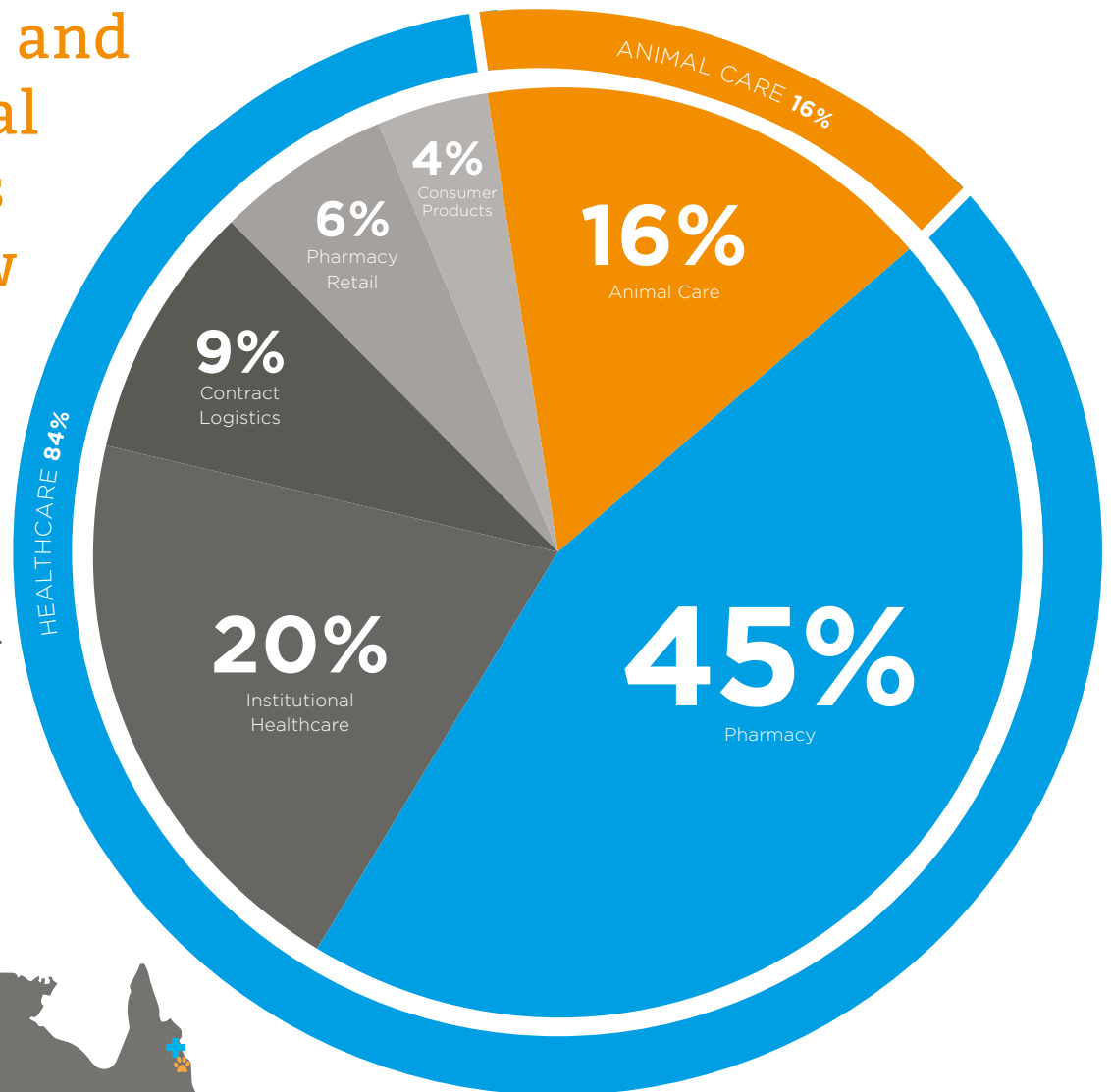
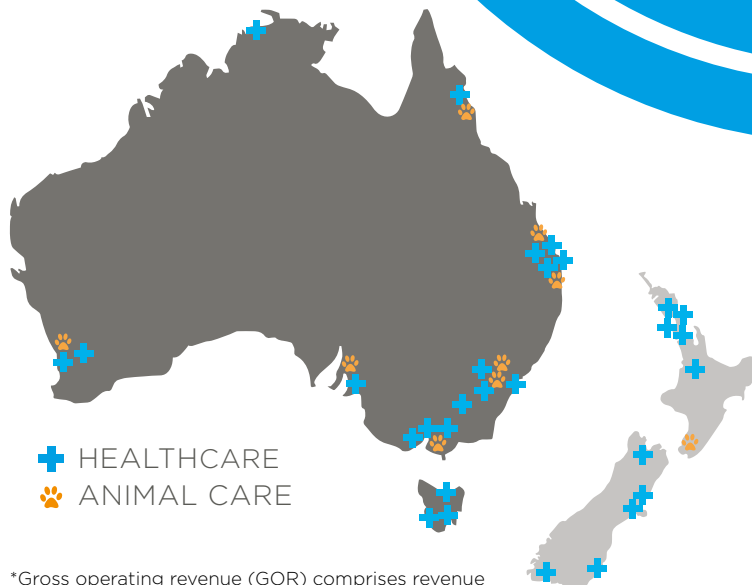
19%
New Zealand



Segment and Divisional Earnings Overview

DATA BASED
ON GROSS
OPERATING
REVENUE*

42 LOCATIONS IN
AUSTRALIA AND
NEW ZEALAND



*Gross operating revenue (GOR) comprises revenue less cost of sales and write down of inventory.

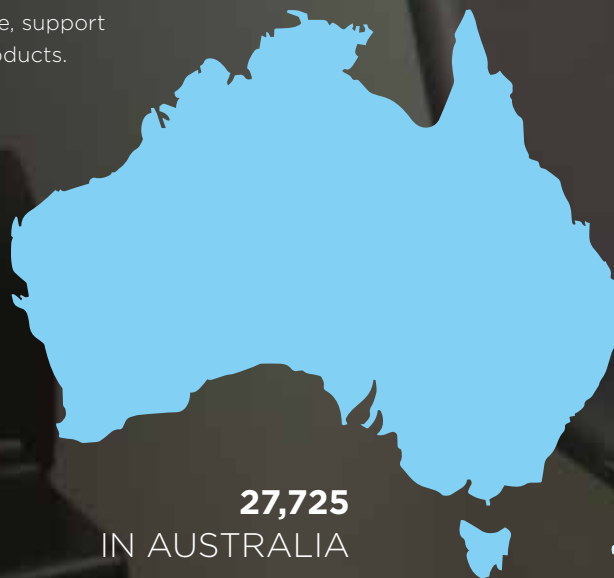
Our Customers

Our business is in helping our customers prosper.

We pride ourselves on the strong relationships we have built with our customers. The trust they instil in EBOS to support their growth and the health and wellbeing of their communities means a great deal to us. Moving forward, we are well equipped to handle their diverse, ever-changing requirements and will continue to deliver unmatched service, support and the best range of products.

38,225

CUSTOMERS ACROSS AUSTRALASIA



27,725
IN AUSTRALIA



10,500
IN NEW ZEALAND



5,381,178

TOTAL NUMBER
OF ORDERS

122,632

TOTAL NUMBER OF
PRODUCT LINES



EBOS Healthcare Account Manager Ravi Shankar with Rashika Devi from Manukau City Accident & Medical Clinic, Manukau, Auckland.

CEO and Chairman's Report



The story of the 2014/15 financial year was one of continued strong growth for the EBOS Group across all areas of our business, further cementing our position as the leader in healthcare and animal care markets across Australasia.

Our strategy of building a broad portfolio of businesses with leading positions in their markets continued to deliver across both New Zealand and Australia.

While the performance of recent acquisitions was an important contributor, we also recorded significant organic growth – an outcome that is testament to the quality of our businesses and the outstanding people behind them.



01 PATRICK DAVIES
Chief Executive Officer

02 RICK CHRISTIE
Chairman

FINANCIAL RESULTS

There were a number of pleasing indicators in our financial results. While these are dealt with in more detail further in this report, it is worth highlighting some key points.

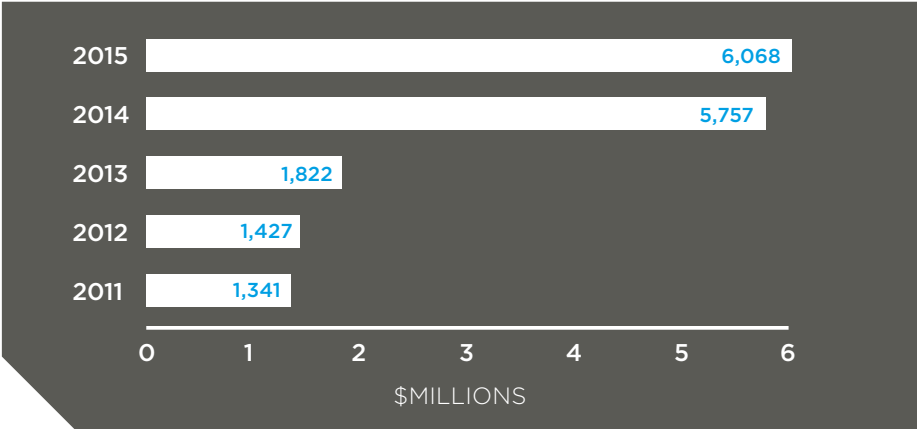
For the first time, revenues for the year exceeded NZ\$6 billion, up 5.4% on the previous year. Healthcare revenues increased by 5.1% over the 2014/15 year, led by continuing growth in our Pharmacy and Institutional Healthcare divisions while the performance of our recently-acquired BlackHawk business assisted the 10.7% increase in Animal Care revenues.

Good revenue growth and careful cost control helped drive EBITDA up more than 12% to \$196.7 million, while our Net Profit after Tax increased by 15.1% to \$105.9 million. Our focus on tight working capital management resulted in an increase in Operating Cash Flow of 17.2% to \$133.8 million.

All our business units performed well, with a number of significant highlights and milestones achieved throughout the year.

We are confident that our businesses are strong and well positioned for the future.

FIVE YEAR REVENUE TREND



COMMUNITY PHARMACY

In a year of significant developments for our Community Pharmacy division, there was arguably none more important than negotiations with the Australian Federal Government around the Sixth Community Pharmacy Agreement (6CPA).

The 6CPA provides funding parameters for the Australian pharmacy industry over five years commencing 1 July 2015.

After lengthy discussions, an outcome was reached which provides further certainty for all areas of the industry, underpinning the timely and equitable provision of Pharmaceutical Benefits Scheme medicines for all Australians.

The agreement has delivered a good outcome for our customers in pharmacy who have secured an increase in their incomes.

In an important demonstration of EBOS' commitment to Australia's pharmacy industry, we opened Symbion's new pharmaceutical distribution facility in November.

The 12,000m² facility in Keysborough (in Melbourne's south-east) features the latest in global warehousing and distribution technology with the

ability to move more than 10,000 units of medicine every hour.

The facility is strategically located to further enhance our ability to service our pharmacy and hospital customers across Victoria every day.

Shortly after the commencement of the new financial year, the Company formalised a strategic investment in Good Price Pharmacy Warehouse.

The agreement paved the way for the supply of pharmaceuticals through our Symbion Wholesale division to all Good Price Pharmacy Warehouse stores and brought further opportunity for development of the brand's franchise network.

Our market leading Chemmart Pharmacy offering continued to perform strongly with 37 new stores opening throughout the year and an additional 33 stores signing up to join the Chemmart brand.

Further supporting our retail operations was the important decision taken to amalgamate Symbion Consumer Products in Australia and the Consumer division of EBOS Healthcare in New Zealand and Australia, to create Endeavour Consumer Health.

Endeavour Consumer Health is a trans-Tasman business dedicated to providing our retail partners and their customers with affordable, high quality health and personal care products.

INSTITUTIONAL HEALTHCARE/ CONTRACT LOGISTICS

Our Onelink business enjoys a strong reputation in New Zealand, built on providing specialist solutions to the country's public and private hospital sector for more than 20 years, but is less well-known in Australia.

It was therefore particularly pleasing to win a competitive Government of New South Wales tender in January for the warehousing and distribution of medical consumables to all public hospitals across the state.

We are well advanced in the establishment of a new purpose-built distribution facility in Western Sydney that will provide dedicated services to NSW Health as part of this contract. The new facility will be operational by late 2015.

ANIMAL CARE

In October, EBOS made an important move as part of our expansion into the fast-growing premium pet food sector with the acquisition of the BlackHawk range of premium pet foods, sold exclusively through Australian pet stores and veterinary clinics. This move was strategically important for our Animal Care division as it represented a significant direct investment in the premium pet food category in Australia. Masterpet and Vitapet continued to expand their market positions and Lyppard delivered good growth in the veterinary wholesale sector.

We are confident that our businesses are well positioned for the future. None of our achievements in the past year would have been possible without our outstanding employees across all areas of EBOS. They understand and are proud of the essential role they play in health, and they embody our organisation's promise of 'Life Matters'. We are excited by the opportunities to expand our businesses on both sides of the Tasman in the years ahead. We believe the diversity of EBOS provides the benefits of a broad-based foundation and we have the agility to predict and respond quickly to opportunities as they arise.



PATRICK DAVIES

Chief Executive Officer



RICK CHRISTIE

Chairman

Farewell Rick Christie

At the forthcoming Annual Meeting in October, EBOS will officially farewell Chairman Rick Christie, who retires after 12 years leading the EBOS Group Board of Directors.



As Chairman, Rick has exercised steadfast leadership on matters of corporate governance, fiscal discipline and building the foundation and scope for growth in key sectors and markets. This dedication to ensuring the fundamentals will come as no surprise to those who know Rick or have served alongside him during his 15 years as a member of the EBOS Group Board. His leadership and insight have been pivotal throughout a period of sustained growth for our company, which has included a long list of acquisitions and expansionary investments. On behalf of everyone at EBOS, I would like to congratulate Rick on his contribution to the Group, extend sincere thanks for his commitment to the Company and wish him well for his future beyond the EBOS Group family.

A handwritten signature in black ink, appearing to read 'Mark Waller'.

MARK WALLER
Chairman Designate

Board of Directors

01 RICK CHRISTIE MSC (Hons), FNZIoD *Independent Chairman of Directors*

Joined the EBOS Group Limited Board in June 2000 and was appointed Chairman in April 2003. He is a member of the Audit and Risk Committee, and Chairman of the Remuneration Committee and the Nomination Committee. Rick Christie is a professional director with a breadth of governance and international management experience in a number of industries. He is the Chairman of ikeGPS Group Ltd, National e-Science Infrastructure – NeSI, and Service IQ and a director of South Port New Zealand Limited, Solnet Solutions Limited, and Powerhouse Ventures Limited. He is also a Companion of The Royal Society of New Zealand, a former director of Television New Zealand and the New Zealand Symphony Orchestra and a past president of Chamber Music New Zealand. He was previously Chairman of AgResearch Limited, Deputy Chairman of the Foundation for Research, Science & Technology and Chairman of the Victoria University Foundation Board of Trustees and a former Chief Executive of the diversified investment company Rangatira Limited, a former Managing Director of Cable Price Downer and former Chief Executive of Trade New Zealand.

02 MARK WALLER BCOM, FACA, FNZIM *Executive Director*

Mark Waller was the Chief Executive and Managing Director of EBOS Group Limited from 1987 to 30 June 2014. He is a member of the Remuneration Committee. He is also a director of all the EBOS Group Limited subsidiaries, as well as being a director of Scott Technology Limited and HTS-110 Limited (alternate director). He was the recipient of the Leadership Award in May 2014, INFENZ Industry Awards.

03 STUART MCGREGOR BCOM, LLB, MBA

Stuart McGregor was appointed to the EBOS Group Limited Board in July 2013. Stuart was educated at Melbourne University and the London School of

Business Administration, gaining degrees in Commerce and Law. He also completed a Masters of Business Administration. Currently Stuart is Chairman of Donaco International Ltd, an ASX listed company. He is also Chairman of Powerlift Australia Pty Ltd, and C B Norwood Pty Ltd and director of Symbion Pty Ltd. Over the last 30 years, Stuart has been Company Secretary of Carlton United Breweries, Managing Director of Cascade Brewery Company Limited in Tasmania and Managing Director of San Miguel Brewery Hong Kong Limited. In the public sector, he served as Chief of Staff to a Minister for Industry and Commerce in the Federal Government and as Chief Executive of the Tasmanian Government's Economic Development Agency. He was formerly a director of Primelife Limited from 2001 to 2004.

04 SARAH OTTREY BCOM *Independent Director*

Appointed to the EBOS Group Limited Board in September 2006. Sarah Ottrey is a director of Comvita Limited, Whitestone Cheese Limited and Sarah Ottrey Marketing Limited, and is a member of the Inland Revenue Risk and Assurance Committee. She is a past board member of the Public Trust and the Smiths City Group. Sarah has also held senior marketing management positions with Unilever and Heineken.

05 BARRY WALLACE MCOM (HONS), CA

Barry Wallace was appointed to the EBOS Group Limited Board in October 2001. He is Chairman of the Audit and Risk Committee and member of the Remuneration Committee. Barry is a chartered accountant with a background in financial management. He is a director of Allum Management Services Ltd, Whyte Adder No 3 Limited, Herpa Properties Limited, Ecostore Company Limited and Peton Villas Limited. He is a former Chief Executive of Health Support Limited and is the Finance Director of a private group of companies and trusts.

06 PETER KRAUS MA (HONS), DIP ENG.

Peter Kraus has been a Director of EBOS Group Limited since 1990. He is a member of the Nomination Committee. He is a director of Whyte Adder No 3 Limited, Herpa Properties Limited, Ecostore Company Limited and Peton Villas Limited.

07 ELIZABETH COUTTS BMS, CA *Independent Director*

Elizabeth Coutts was appointed to the EBOS Group Limited Board in July 2003. She is a member of the Audit and Risk Committee and the Nomination Committee. She is Chair of Urwin & Co Limited and Oceania Healthcare Ltd, and Director of Yellow Pages group of companies, Ports of Auckland Limited, Sanford Limited, Skellerup Holdings Limited and Tennis Auckland Region Incorporated, and member, Marsh New Zealand Advisory Board. She is Chair of the Inland Revenue Risk and Assurance Committee and Vice President of the Institute of Directors Inc. Elizabeth is a former Chairman of Meritec Group, Industrial Research, and Life Pharmacy Limited, former director of Air New Zealand Limited and the Health Funding Authority, former Deputy Chairman of Public Trust, former board member of Sport NZ, former member of the Pharmaceutical Management Agency (Pharmac), former Commissioner for both the Commerce and Earthquake Commissions, former external monetary policy adviser to the Governor of the Reserve Bank of New Zealand and former Chief Executive of the Caxton Group of Companies.

08 PETER WILLIAMS

Peter Williams was appointed to the EBOS Group Limited Board in July 2013. Peter has been an executive of the Zuellig Group since 2000. Peter is a director of Interpharma Investments Limited, Asia's leading distributor of healthcare products, and of Pharma Industries Limited. He is also a director of Cambert, a company marketing health and personal care products in South East Asia.



Financial Summary

EBOS Group recorded strong financial results for the year ended 30 June 2015 with Net Profit after Tax increasing by 15.1% to \$105.9 million.

The Group's Healthcare businesses are benefitting from sound underlying economic fundamentals with solid increases in demand for services across the sector while our Animal Care businesses continue to benefit from ongoing growth in consumer pet spending.

Revenues exceeded the \$6 billion mark for the first time, increasing by 5.4% on the previous year.

Earnings before net finance costs, tax, depreciation and amortisation (EBITDA) grew by \$21.3 million to \$196.7 million representing an increase of 12.1%, reflecting the considerable growth in sales revenue at an improved margin.

Profit before tax increased by \$24.9 million or 19.8% due to the growth in operating earnings and lower net finance costs. Net finance costs were lower by \$5.1 million or 19% primarily as a result of savings generated from the renegotiation of our debt facilities in August 2014.

The Group's earnings per share increased by 12.7% to 70.8 cents per share.

DIVISIONAL OVERVIEW

The strength of the Group's trans-Tasman approach to Healthcare and Animal Care has led to impressive performance across both segments.

Healthcare

The Healthcare businesses generated an 11.2% increase in EBITDA on the back of a 5.1% increase in revenue.

The Australian business recorded a 5.1% increase in revenue and an 11.9%

increase in EBITDA. The Group's wide range of Healthcare businesses all demonstrated stable growth with the Institutional Healthcare and Pharmacy businesses in particular providing good contributions to the results.

The performance of the Australian Pharmacy business was enhanced by the revenues and profit generated from the Group's strategic investment in Good Price Pharmacy Warehouse (GPPW) undertaken in October 2014.

Animal Care

The Animal Care businesses generated a 10.7% increase in revenue and a 26.1% increase in EBITDA. The revenue and profit growth includes eight months' contribution from the recently acquired BlackHawk business.

We continue our focus on the growth and development of our brands. The early returns on our investment in BlackHawk is exceeding expectations and we have also been encouraged by the performance of the Vitapet brand which recorded revenue growth of 8% on the prior year.

Currency

The Group generates approximately 81% of its earnings in Australia and the appreciation of the New Zealand dollar during the year negatively impacted reported EBITDA by approximately \$3.9 million.

Operating Cash Flow and Return on Capital Employed

Operating cash flow for the year was a record \$133.8 million and the Group's Net Debt/EBITDA ratio reduced to 1.6x from 1.8x at 30 June 2014. Gearing or net interest bearing debt to net interest bearing debt plus equity was 23.2% (24.4% in 2014).

Return on capital employed increased by 0.9% to 13.7% reflecting the increased operating profit and cash performance of the Group, including the benefits of strategic investments in BlackHawk and GPPW undertaken throughout the year.

Dividends

The Board declared a final dividend of 25 cents payable on 16 October 2015 and imputed to 25%. This follows an interim dividend of 22 cents paid in April 2015 and takes full year dividends to 47 cents representing an increase of 14.6% on the prior year.

While the dividend reinvestment plan (DRP) will operate for the final dividend, enabling shareholders to elect to take shares in lieu of a dividend at a discount of 2.5% to the volume weighted average price, it is the Board's intention to review the operation of the DRP for future dividends. It is also the Board's intention to fully frank subsequent dividends (starting with the 30 June 2016 interim dividend) for Australian tax resident shareholders.

The record date for the final dividend will be 2 October 2015.

Outlook

Over many years we have shown our ability to successfully adapt to changes in the regulatory environments and EBOS has once again delivered strong financial results. We are confident of continued growth in our business across both Healthcare and Animal Care into 2016 on a constant currency basis.

A performance update will be provided to shareholders at the Annual Meeting on 27 October 2015.

Financial Report

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DIRECTORS' RESPONSIBILITY STATEMENT

21 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 2015.

23 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 2015, and the results of their operations and cash flows for the year ended on that date.

27 The Directors consider the financial statements of the Group have been prepared using accounting policies that 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 Reporting 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 sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

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



RICK CHRISTIE
Chairman



MARK WALLER
Director

25 August 2015



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 23-59, which comprise the consolidated balance sheet as at 30 June 2015, 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 for the preparation and fair presentation of these consolidated financial statements, in accordance with New Zealand Equivalents to International Financial Reporting Standards, International Financial Reporting Standards and generally accepted accounting practice in New Zealand, 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 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, financial modelling and information technology advisory assistance, 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 23-59 present fairly, in all material respects, the financial position of EBOS Group Limited and its subsidiaries as at 30 June 2015, and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards, International Financial Reporting Standards and generally accepted accounting practice in New Zealand.

Chartered Accountants

25 August 2015

Christchurch, New Zealand

This audit report relates to the consolidated financial statements of EBOS Group Limited for the year ended 30 June 2015 included on EBOS Group Limited's website. The Board of Directors is responsible for the maintenance and integrity of EBOS Group Limited's website. We have not been engaged to report on the integrity of the EBOS Group Limited's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information that may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 25 August 2015 to confirm the information included in the audited consolidated financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

For the Financial Year ended 30 June, 2015	Notes	2015 \$'000	2014 \$'000
Revenue	2 (a)	6,068,080	5,757,234
Income from Associates	2 (b)	2,861	1,567
Profit before depreciation, amortisation, net finance costs and tax expense		196,695	175,422
Depreciation	2 (b)	(12,108)	(10,173)
Amortisation of finite life intangibles	2 (b)	(12,010)	(12,410)
Profit before net finance costs and tax expense		172,577	152,839
Finance income	2 (b)	2,299	2,819
Finance costs	2 (b)	(24,208)	(29,877)
Profit before tax expense	2 (b)	150,668	125,781
Tax expense	3	(44,727)	(33,712)
Profit for the year		105,941	92,069
Earnings per share:			
Basic (cents per share)	26	70.8	62.8
Diluted (cents per share)	26	70.8	62.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 30 June, 2015	Notes	2015 \$'000	2014 \$'000
Profit for the year		105,941	92,069
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges movement (losses)	22	(2,224)	(2,423)
Related tax benefit to cash flow hedges	22	631	701
Translation of foreign operations	22	11,993	(24,194)
Total comprehensive income net of tax benefit		116,341	66,153

Notes to the financial statements are included on pages 27 to 59.

CONSOLIDATED BALANCE SHEET

As at 30 June, 2015	Notes	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents		109,521	88,698
Trade and other receivables	6	803,839	699,276
Prepayments	7	7,935	6,748
Inventories	8	518,272	491,624
Current tax refundable	3	88	83
Other financial assets - derivatives	9	2,184	1,442
Total current assets		1,441,839	1,287,871
Non-current assets			
Property, plant and equipment	10	111,599	84,854
Capital work in progress	11	-	20,872
Prepayments	7	439	54
Deferred tax assets	3	48,284	36,589
Goodwill	12	764,618	720,875
Indefinite life intangibles	13	79,043	56,576
Finite life intangibles	14	69,325	77,502
Investment in associates	16	34,911	24,100
Total non-current assets		1,108,219	1,021,422
Total assets		2,550,058	2,309,293
Current liabilities			
Trade and other payables	18	952,257	821,391
Finance leases	17, 19	153	155
Bank loans	17	153,245	153,334
Current tax payable	3	16,990	14,219
Employee benefits		33,573	28,830
Other financial liabilities - derivatives	20	6,047	3,404
Total current liabilities		1,162,265	1,021,333
Non-current liabilities			
Bank loans	17	272,852	250,826
Trade and other payables	18	10,042	9,778
Deferred tax liabilities	3	48,853	43,407
Finance leases	17, 19	191	680
Employee benefits		4,827	4,230
Total non-current liabilities		336,765	308,921
Total liabilities		1,499,030	1,330,254
Net assets		1,051,028	979,039
Equity			
Share capital	21	880,628	861,549
Foreign currency translation reserve	22	(17,876)	(29,869)
Retained earnings	22	189,595	147,085
Cash flow hedge reserve	22	(1,319)	274
Total equity		1,051,028	979,039

Notes to the financial statements are included on pages 27 to 59.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 30 June, 2015	Notes	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Cash flow hedge reserve \$'000	Total \$'000
Balance at 1 July, 2013		201,288	(5,675)	107,268	1,996	304,877
Profit for the year		-	-	92,069	-	92,069
Other comprehensive income for the year, net of tax benefit		-	(24,194)	-	(1,722)	(25,916)
Payment of dividends	23	-	-	(52,252)	-	(52,252)
Dividends re-invested	21	20,496	-	-	-	20,496
Shares issued under rights issue	21	149,119	-	-	-	149,119
Share issue costs	21	(7,356)	-	-	-	(7,356)
Issue of consideration shares	21	498,147	-	-	-	498,147
Share issue costs	21	(145)	-	-	-	(145)
Balance at 30 June 2014		861,549	(29,869)	147,085	274	979,039
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

Notes to the financial statements are included on pages 27 to 59.

CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year ended 30 June, 2015	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers		5,994,123	5,732,731
Interest received		2,299	2,819
Dividends received from associates		301	-
Payments to suppliers and employees		(5,785,720)	(5,561,884)
Taxes paid		(53,006)	(29,637)
Interest paid		(24,208)	(29,877)
Net cash inflow from operating activities	25(c)	133,789	114,152
Cash flows from investing activities			
Sale of property, plant & equipment		458	1,351
Purchase of property, plant & equipment		(14,977)	(11,725)
Payments for capital work in progress		-	(20,115)
Payments for intangible assets		(464)	(3,467)
Acquisition of associates	16	(6,710)	(3,520)
Acquisition of subsidiaries	25(a)	(57,414)	(366,853)
Net cash (outflow) from investing activities		(79,107)	(404,329)
Cash flows from financing activities			
Proceeds from issue of shares		19,079	162,114
Proceeds from borrowings		23,584	310,327
Repayment of borrowings		(15,161)	(233,136)
Dividends paid to equity holders of parent	23	(63,431)	(52,252)
Net cash (outflow)/inflow from financing activities		(35,929)	187,053
Net increase/(decrease) in cash held		18,753	(103,124)
Effect of exchange rate fluctuations on cash held		2,070	(6,192)
Net cash and cash equivalents at the beginning of the year		88,698	198,014
Net cash and cash equivalents at the end of the year		109,521	88,698
Cash and cash equivalents		109,521	88,698

Notes to the financial statements are included on pages 27 to 59.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Financial Year ended 30 June, 2015

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 an FMA reporting entity for the purposes of the *Financial Reporting Act 2013* and the *Financial Markets Conduct Act 2013*, and its financial statements comply with these Acts.

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: Accounting Standard Framework (For-profit Entities Update).

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 are reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June, 2015 and the comparative information presented in these financial statements for the year ended 30 June, 2014. In a presentation change in the current year, interest revenue is now included within net finance costs rather than revenue. Comparative information has also been presented on a similar basis for consistency.

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 and the recognition of revenue on significant contracts subject to renewal where the receipt of cash flows does not match the services provided.

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 has been conducted in the current year. Management have determined that there is no impairment of any of the cash generating units containing goodwill (refer Note 12).

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 in line with those of the Group.

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 as a bargain purchase gain.

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 the 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.

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, 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; 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.

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 that 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.

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 the 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 Cash Flow Statement on a net basis.

The GST component of cash flows arising from investing and financing activities that 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 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.

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:

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 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 to whom 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 that 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 that have 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.

2. PROFIT FROM OPERATIONS

	Notes	2015 \$'000	2014 \$'000
(a) Revenue			
Revenue consisted of the following items:			
Revenue from the sale of goods		5,979,980	5,671,996
Revenue from the rendering of services		88,100	85,238
		6,068,080	5,757,234
(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		(88)	(4)
Change in fair value of derivative financial instruments		323	(213)
Share of equity accounted investments	16	2,861	1,567
Profit before tax expense has been arrived at after crediting/(charging) the following expenses by nature:			
Cost of sales		(5,464,445)	(5,187,151)
Write-down of inventory		(3,483)	(3,771)
Net finance costs:			
Finance income		2,299	2,819
Finance costs		(24,208)	(29,877)
Total net finance costs		(21,909)	(27,058)
Impairment loss on trade & other receivables		(1,869)	(1,684)
Depreciation of property, plant & equipment	10	(12,108)	(10,173)
Amortisation of finite life intangibles	14	(12,010)	(12,410)
Operating lease rental expenses		(27,009)	(25,563)
Donations		(124)	(107)
Employee benefit expense		(198,695)	(195,232)
Defined contribution plan expense		(11,560)	(11,141)
Other expenses		(167,296)	(158,513)
Total expenses		(5,920,508)	(5,632,803)
Profit before tax expense		150,668	125,781

3. INCOME TAXES

	2015 \$'000	2014 \$'000
(a) Tax expense recognised in income statement		
Tax expense/(credit) comprises:		
Current tax expense/(credit):		
Current year	52,279	39,378
Adjustments for prior years	741	700
	53,020	40,078
Deferred tax expense/(credit):		
Origination and reversal of temporary differences	(4,163)	(6,133)
Adjustments for prior years	(4,130)	(233)
	(8,293)	(6,366)
Total tax expense	44,727	33,712
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	150,668	125,781
Tax expense calculated at 28% (2014: 28%)	42,187	35,219
Non-deductible expenses/(non-assessable income)	3,310	(4,031)
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,347	1,944
(Over)/under provision of tax expense in previous year	(3,389)	467
Other adjustments	272	113
Total tax expense	44,727	33,712

The tax rates used are principally the corporate tax rates of 28% (2014: 28%) payable by New Zealand and 30% (2014: 30%) payable by Australian corporate entities on taxable profits under tax law in each jurisdiction.

	2015 \$'000	2014 \$'000
(b) Current tax assets and liabilities		
Current tax assets:		
Current tax refundable	88	83
Current tax liabilities:		
Current tax payable	(16,990)	(14,219)
	(16,902)	(14,136)
(c) Deferred tax balance		
Deferred tax assets comprise:		
Temporary differences	48,284	36,589
Deferred tax liabilities comprise:		
Temporary differences	(48,853)	(43,407)
	(569)	(6,818)

3. INCOME TAXES continued

Taxable and deductible temporary differences arise from the following:

	Opening balance \$'000	Charged to income \$'000	Charged to other comprehensive income \$'000	Acquisitions \$'000	Foreign currency movements \$'000	Closing balance \$'000
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)		
2014						
Gross deferred tax liabilities:						
Property, plant and equipment	(1,773)	(209)	-	-	-	(1,982)
Provisions	(9)	(12)	-	-	(16)	(37)
Other financial assets - derivatives	(290)	(248)	170	-	101	(267)
Intangible assets	(46,293)	1,897	-	-	3,275	(41,121)
	(48,365)	1,428	170	-	3,360	(43,407)
Gross deferred tax assets:						
Property, plant and equipment	6,211	5,623	-	-	(592)	11,242
Provisions	25,180	(334)	-	-	(2,100)	22,746
Other financial liabilities - derivatives	1,379	-	531	-	(359)	1,551
Tax losses carried forward	1,591	(351)	-	-	(190)	1,050
	34,361	4,938	531	-	(3,241)	36,589
Net movement in deferred tax		6,366	701	-		
					2015 \$'000	2014 \$'000
(d) Imputation credit account balances						
Imputation credits available directly and indirectly to shareholders of the parent company:					1,713	(660)

4. KEY MANAGEMENT PERSONNEL COMPENSATION

	2015 \$'000	2014 \$'000
Short-term employee benefits	12,249	12,137
	12,249	12,137

5. REMUNERATION OF AUDITORS

	2015 \$'000	2014 \$'000
Auditor of the Group		
Audit of the financial statements	537	562
Audit related services for review of interim financial statements not included above	168	177
Due diligence	105	-
Information technology services	6	47
Financial modelling assistance	61	49
Assurance services for indirect tax compliance	5	17
	882	852

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

	2015 \$'000	2014 \$'000
Trade receivables (i)	804,763	703,821
Other receivables	15,948	11,971
Allowance for impairment (ii)	(16,872)	(16,516)
	803,839	699,276

(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.

(ii) Allowance for Impairment

Balance at the beginning of the year	(16,516)	(17,048)
Impairment loss recognised on trade receivables	(1,869)	(1,684)
Amounts written off as uncollectible	2,186	719
Effect of foreign currency exchange differences	(673)	1,497
	(16,872)	(16,516)

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 AND OTHER RECEIVABLES continued

	2015 \$'000	2014 \$'000
(iii) Ageing of impaired trade and other receivables		
Current	2,746	4,217
30 - 60 days	2,824	3,040
60 - 90 days	1,890	1,303
90 days+	8,506	8,656
	15,966	17,216

(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 \$65.681m (2014: \$62.918m) which are past due at the reporting date for which the Group has not provided any impairment as the amounts are still considered recoverable.

30 - 60 days	50,105	45,952
60 - 90 days	9,286	6,380
90 days+	6,290	10,586
	65,681	62,918

7. PREPAYMENTS

Current	7,935	6,748
Non-current	439	54
	8,374	6,802

8. INVENTORIES

Finished Goods		
At cost	518,272	491,624
	518,272	491,624

9. OTHER FINANCIAL ASSETS - DERIVATIVES

At Fair Value:		
Foreign currency forward contracts (i)	270	6
Foreign currency forward contracts (ii)	1,914	97
Interest rate swaps (ii)	-	1,339
	2,184	1,442

(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 and fittings at cost \$'000	Total \$'000
Gross carrying amount						
Balance at 1 July 2013	30,240	19,294	10,063	34,910	21,708	116,215
Additions	-	56	555	5,171	2,611	8,393
Disposals	-	-	(13)	(2,863)	(5,399)	(8,275)
Net foreign currency exchange differences	(2,595)	(950)	(783)	(2,489)	(936)	(7,753)
Balance at 30 June 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
Accumulated depreciation						
Balance at 1 July 2013	-	(2,637)	(1,573)	(6,681)	(10,193)	(21,084)
Disposals	-	-	13	2,458	4,357	6,828
Depreciation expense	-	(944)	(1,124)	(4,833)	(3,272)	(10,173)
Net foreign currency exchange differences	-	25	95	397	186	703
Balance at 30 June 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)
Net book value						
As at 30 June 2014	27,645	14,844	7,233	26,070	9,062	84,854
As at 30 June 2015	28,776	14,568	13,287	44,215	10,753	111,599

	2015 \$'000	2014 \$'000
Aggregate depreciation recognised as an expense during the year:		
Buildings	774	944
Leasehold improvements	1,358	1,124
Plant and equipment	6,853	4,833
Office equipment, furniture & fittings	3,123	3,272
	12,108	10,173

11. CAPITAL WORK IN PROGRESS

	2015 \$'000	2014 \$'000
Capital work in progress	-	20,872

The 2014 capital work in progress related to both a custom built warehouse (\$20,058,000) – the cost to complete the project was \$4,384,000, and software development (\$814,000) – the cost to complete the project was \$138,000.

12. GOODWILL

	Notes	2015 \$'000	2014 \$'000
Gross carrying amount			
Balance at beginning of financial year		720,875	722,158
Recognised from business acquisition during the year	24	43,152	-
Effects of foreign currency exchange differences		591	(1,283)
Net book value		764,618	720,875

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:

	2015 \$'000	2014 \$'000
Healthcare Australia	503,513	502,627
Healthcare NZ	1,728	1,728
Healthcare - Pharmacy/Logistics NZ	95,043	95,043
Animal Care	164,334	121,477
	764,618	720,875

During the year ended 30 June 2015, management has determined that there is no impairment of any of the cash-generating units containing goodwill (2014: Nil).

During the year, the Group undertook a reorganisation of its internal reporting structure, combining its Animal Care operations acquired from previous acquisitions. Consequently, goodwill that was previously allocated to its Animal Care New Zealand and Australian operations has now been allocated to a combined cash-generating unit on a consistent basis with this new structure. Comparative figures have also been restated for comparability purposes.

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:

- Market shares during the assessment period are assessed by management based on average market shares achieved in the period immediately before the start of the budget 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 management's past experience.

Annual growth rates of 1.7% to 7.0% (2014: 0.9% to 4.6%), an allowance of 1.8% to 7.0% (2014: 1.0% to 4.5%) for increases in expenses, and pre-tax discount rates of 12.6% to 13.7% (2014: 12.7% to 13.7%) have been applied to these projections. Cash flows beyond the five-year period have been extrapolated using a 2.5% (2014: 2.0% to 2.5%) growth rate. Management also believes that any reasonable possible change in the key assumptions would not cause the carrying amount of any of the 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 2013	28,561	6,413	7,110	17,240	59,324
Net foreign currency exchange differences	(2,615)	(133)	-	-	(2,748)
Balance at 30 June 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
Net book value					
As at 30 June 2014	25,946	6,280	7,110	17,240	56,576
As at 30 June 2015	27,088	6,338	28,377	17,240	79,043

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:

	2015 \$'000	2014 \$'000
Healthcare Australia	31,036	29,836
Healthcare NZ	2,390	2,390
Healthcare - Pharmacy/Logistics NZ	17,240	17,240
Animal Care	28,377	7,110
	79,043	56,576

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 (2014: 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 1.7% to 5.9% (2014: 1.4% to 3%), and an allowance of 1.8% to 5.9% (2014: 1.4% to 3%) for increases in expenses, and pre-tax discount rates of 13.1% to 17.9% (2014: 13.1% to 19.2%) have been applied to these projections. Cash flows beyond the five-year period have been extrapolated using a 2.5% (2014: 2% to 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	Customer Relationships/ Contracts \$'000	Total \$'000
Gross carrying amount				
Balance at 1 July 2013	1,490	2,258	94,417	98,165
Additions	-	3,148	-	3,148
Net foreign exchange differences	-	(228)	(8,646)	(8,874)
Balance at 30 June 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
Accumulated amortisation & impairment				
Balance at 1 July 2013	(1,490)	(415)	(1,115)	(3,020)
Amortisation expense	-	(1,818)	(10,592)	(12,410)
Net foreign exchange differences	-	93	400	493
Balance at 30 June 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)
Net book value				
As at 30 June 2014	-	3,038	74,464	77,502
As at 30 June 2015	-	2,724	66,601	69,325

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	
		2015	2014
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 ¹	Australia	100%	100%
Pet Care Distributors Pty Limited (formerly Healthcare Distributors Pty Limited)	Australia	100%	100%
Masterpet Corporation Limited	New Zealand	100%	100%
Nature's Recipe Pet Foods 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 ²	Australia	100%	100%
Blackhawk Premium Pet Care Pty Limited	Australia	100%	0%

¹ The EBOS Limited Partnership was dissolved subsequent to 30 June 2015.

² Balance date is 31 December; the results of the Trust have been included in the Group results for the year to 30 June 2015.

16. INVESTMENT IN ASSOCIATES

Name of business acquired	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%	3,918
Good Price Pharmacy Management Pty Limited	Healthcare supplies	October 2014	25%	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:

	2015 \$'000	2014 \$'000
Statement of financial position		
Total assets	47,424	41,620
Total liabilities	(26,887)	(24,480)
Net assets	20,537	17,140
Group's share of net assets	9,691	8,570
Income Statement		
Total revenue	94,868	68,522
Total profit for the year	7,597	3,134
Group's share of profits of associates	2,861	1,567
Movement in the carrying amount of the Group's investment in associates:		
	2015 \$'000	2014 \$'000
Balance at the beginning of the financial year	24,100	19,013
New investments ¹	7,829	3,520
Share of profits of associates	2,861	1,567
Share of dividends	(301)	-
Net foreign currency exchange differences	422	-
Balance at the end of the financial year	34,911	24,100
Goodwill included in the carrying amount of the Group's investment in associates		
	21,749	15,945
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	3,520
Deferred purchase consideration	1,119	-
	7,829	3,520

17. BORROWINGS

	2015 \$'000	2014 \$'000
Current		
Bank loans (i)	-	22,755
Bank loans – securitisation facility (ii)	153,245	130,579
Finance lease liabilities (iii)	153	155
	153,398	153,489
Non-current		
Bank loans (i)	272,852	250,826
Finance lease liabilities (iii)	191	680
	273,043	251,506
Total borrowings	426,441	404,995

(i) The Group has bank term loans and revolving cash advance facilities of \$364.5m (2014: \$361.2m), of which \$91.7m was unutilised at 30 June 2015 (2014: \$87.6m). 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 \$430.9m (2014: \$450.3m) of which \$277.7m was unutilised at 30 June 2015 (2014: \$319.7m). 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 2015, the value of trade receivables provided as security under this securitisation facility was \$197.9m (2014: \$180.3m). The net cash flows associated with the securitisation programme are disclosed in the 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 2015 the Group maintains the following lines of credit:

Facility	Amount (NZD) \$ millions	Maturity
Term debt facilities	\$79.3m	August 2016
Term debt facilities	\$95.4m	August 2018
Term debt facilities	\$98.2m	August 2019
Working capital facilities	\$91.7m	July 2015 ¹
Securitisation facility	\$430.9m	August 2017

¹Subsequent to year end, the maturity date of the Group's working capital facilities were extended by one year from July 2015 to July 2016.

18. TRADE AND OTHER PAYABLES

	2015 \$'000	2014 \$'000
Current		
Trade payables	865,482	775,774
Other payables	80,069	45,617
Deferred purchase consideration	6,706	-
	952,257	821,391
Non-current		
Other payables	10,042	9,778
Total trade and other payables	962,299	831,169

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.

	Minimum Future Lease Payments		Present Value of Minimum Future Lease Payments	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Finance lease liabilities				
Not later than 1 year	167	167	153	155
Later than 1 year and not later than 5 years	208	701	191	680
Minimum lease payments*	375	868	344	835
Less future finance charges	(31)	(33)	-	-
Present value of minimum lease payments	344	835	344	835
Included in the financial statements as:				
Finance leases - current portion			153	155
Finance leases - non current portion			191	680
			344	835

*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 fifteen 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.

	2015 \$'000	2014 \$'000
Operating leases		
Non-cancellable operating lease payments		
Not longer than 1 year	22,734	22,422
Longer than 1 year and not longer than 5 years	60,296	67,408
Longer than 5 years	47,440	54,631
	130,470	144,461

20. OTHER FINANCIAL LIABILITIES - DERIVATIVES

	2015 \$'000	2014 \$'000
At fair value:		
Foreign currency forward contracts (i)	-	59
Foreign currency forward contracts (ii)	-	894
Interest rate swaps (ii)	6,047	2,451
	6,047	3,404

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

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

21. SHARE CAPITAL

	2015 No. 000's	2015 \$'000	2014 No. 000's	2014 \$'000
Fully paid ordinary shares				
Balance at beginning of financial year	148,720	861,549	65,546	201,288
Dividend reinvested				
- October 2013	-	-	996	9,500
- April 2014	-	-	1,110	10,996
- October 2014	1,019	8,904	-	-
- April 2015	948	10,175	-	-
Rights issue - July 2013	-	-	22,941	149,119
Share issue costs	-	-	-	(7,356)
Issue of consideration shares - July 2013	-	-	58,127	498,147
Share issue costs	-	-	-	(145)
	150,687	880,628	148,720	861,549

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

Changes to the Companies Act in 1993 abolished the authorised capital and par value concept in relation to share capital from 1 July, 1994. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

22. RESERVES

	2015 \$'000	2014 \$'000
Foreign currency translation reserve		
Balance at beginning of the year	(29,869)	(5,675)
Translation of foreign operations	11,993	(24,194)
Balance at end of the year	(17,876)	(29,869)

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.

	2015 \$'000	2014 \$'000
Retained Earnings		
Balance at beginning of the year	147,085	107,268
Profit for the year	105,941	92,069
Dividends (Note 23)	(63,431)	(52,252)
Balance at end of the year	189,595	147,085
Cash Flow Hedge Reserve		
Balance at beginning of the year	274	1,996
(Loss) recognised on cash flow hedges	(2,224)	(2,423)
Related income tax	631	701
Balance at end of the year	(1,319)	274

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

	2015 Cents per share	Total \$'000	2014 Cents per share	Total \$'000
Recognised amounts				
Fully paid ordinary shares				
- Final - prior year	20.5	30,490	15.0	21,992
- Interim - current year	22.0	32,941	20.5	30,260
	42.5	63,431	35.5	52,252
Unrecognised amounts				
Final dividend	25.0	37,672	20.5	30,490

A dividend of 25.0 cents per share was declared on 25 August 2015 with the dividend being payable on 16 October 2015. As the dividend reinvestment plan will be in operation for this dividend shareholders may elect to reinvest part or all of their dividends in the Company. The anticipated cash impact of the dividend is approximately \$26.4m (2014: \$19.5m).

24. ACQUISITION OF SUBSIDIARIES

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.

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 was 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

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

	2015 \$'000	2014 \$'000
(a) Subsidiaries acquired		
Note 24 sets out details of the subsidiaries acquired.		
Details of the acquisitions are as follows:		
Consideration		
Cash and cash equivalents	58,533	366,853
Shares issued	-	498,147
Deferred purchase consideration	5,627	(865,000)
Total consideration	64,160	-
Represented by:		
Net assets acquired (Note 24)	21,008	-
Goodwill on acquisition	43,152	-
Total consideration	64,160	-
Net cash outflow on acquisition		
Cash and cash equivalents consideration	58,533	366,853
Less cash and cash equivalents acquired	(1,119)	-
Net cash consideration paid	57,414	366,853

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, the 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.

	2015 \$'000	2014 \$'000
(b) Financing facilities		
Bank overdraft facility, reviewed annually and payable at call:		
Amount unused	1,674	1,664
	1,674	1,664
Bank loan facilities with various maturity dates through to August 2019 (2014: July 2017)		
Amount used	426,097	404,162
Amount unused	369,357	407,370
	795,454	811,532

25. NOTES TO THE CASH FLOW STATEMENT continued

	2015 \$'000	2014 \$'000
(c) Reconciliation of profit for the year with cash flows from operating activities		
Profit for the year	105,941	92,069
Add/(less) non-cash items:		
Depreciation	12,108	10,173
Loss on sale of property, plant and equipment	88	4
Amortisation of finite life intangible assets	12,010	12,410
Share of profits from associates	(2,861)	(1,567)
(Gain)/loss on derivative financial instruments	(323)	213
Deferred tax	(8,293)	(6,366)
Provision for doubtful debts	355	(531)
	13,084	14,336
Movement in working capital:		
Trade and other receivables	(104,918)	37,684
Prepayments	(1,572)	1,051
Inventories	(26,648)	66,726
Current tax refundable/payable	2,766	9,386
Trade and other payables	131,130	(69,965)
Employee benefits	5,340	1,464
Foreign currency translation of working capital balances	13,973	(38,599)
	20,071	7,747
Cash costs classified as investing activities:		
Working capital items relating to investing activities	(6,706)	-
Working capital items acquired	1,399	-
Net cash inflow from operating activities	133,789	114,152

26. EARNINGS PER SHARE CALCULATION

	2015	2014
Basic earnings per share (refer Income Statement and Note 21)	Cents	Cents
Basic earnings per share	70.8	62.8
	\$'000	\$'000
Earnings used in the calculation of total basic earnings per share	105,941	92,069
	No. 000's	No. 000's
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	149,671	146,681
Diluted earnings per share (refer Income Statement and Note 21)	Cents	Cents
Diluted earnings per share	70.8	62.8
	\$'000	\$'000
Earnings used in the calculation of total diluted earnings per share	105,941	92,069
	No. 000's	No. 000's
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	149,671	146,681

27. COMMITMENTS FOR EXPENDITURE

	2015 \$'000	2014 \$'000
Capital expenditure commitments		
Plant	-	4,384
Software development	340	138
	340	4,522
Operating expenditure commitments		
Purchase and distribution of products	2,086	-

28. CONTINGENT LIABILITIES & CONTINGENT ASSETS

	2015 \$'000	2014 \$'000
Contingent liabilities		
Guarantees given to third parties	12,520	16,613

A subsidiary company (PRNZ Limited) is guarantor for certain loans made to pharmacies by the ANZ National Bank Limited amounting to \$3.691m (2014: \$5.273m). The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required.

A performance bond of up to \$Nil (2014: \$1m) was also held by the bank on behalf of a supplier, as was a performance guarantee of \$0.585m (2014: \$0.529m).

Property lease guarantees of \$8.155m (2014: \$8.428m) are held by the bank on behalf of landlords of the Group.

Also refer to Note 17 for details of the Group's borrowing facilities.

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:

	2015 \$'000	2014 \$'000
Revenue from external customers		
Healthcare	5,692,888	5,418,356
Animal Care	375,192	338,878
	6,068,080	5,757,234
Profit/(loss) before depreciation, amortisation, net finance costs and tax expense		
Healthcare	170,167	153,055
Animal Care	37,118	29,431
Corporate	(10,590)	(7,064)
	196,695	175,422
Segment expenses		
Healthcare:		
Depreciation	(10,762)	(8,693)
Amortisation of finite life intangibles	(9,695)	(10,401)
Tax expense	(41,655)	(34,644)
	(62,112)	(53,738)
Animal Care:		
Depreciation	(1,346)	(1,480)
Amortisation of finite life intangibles	(2,315)	(2,009)
Tax expense	(11,616)	(7,701)
	(15,277)	(11,190)
Corporate:		
Net finance costs	(21,909)	(27,058)
Tax credit	8,544	8,633
	(13,365)	(18,425)
Profit/(loss) for the year		
Healthcare	108,055	99,317
Animal Care	21,841	18,241
Corporate	(23,955)	(25,489)
	105,941	92,069
Associate Information:		
Included in the segment results above is Income from associates of:		
Animal Care	2,066	1,433
Healthcare	795	134

29. 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, net finance costs and tax expense. 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

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:

	2015 \$'000	2014 \$'000
Continuing and discontinued operations		
Revenue from external customers		
New Zealand	1,343,884	1,278,650
Australia	4,724,196	4,478,584
	6,068,080	5,757,234
Non-current assets		
New Zealand	206,410	207,395
Australia	818,614	753,338
	1,025,024	960,733

(f) Information about major customers

No revenues from transactions with a single customer amount to 10% or more of the Group's revenues (June 2014: 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 2015, no balances were owing to or from related parties of EBOS Group (2014: 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

Outstanding Contracts	Average Exchange rate		Foreign currency		Contract value		Fair value	
	2015	2014	2015 FC'000	2014 FC'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Buy Australian Dollars								
Less than 3 months	0.932	0.940	800	703	858	748	54	9
3 to 6 months	0.906	-	500	-	552	-	20	-
6 to 9 months	0.903	-	250	-	277	-	10	-
Buy Euro								
Less than 3 months	0.636	0.650	758	2,138	1,192	3,291	63	62
3 to 6 months	0.652	0.632	1,024	648	1,570	1,025	136	1
6 to 9 months	0.656	0.628	512	648	781	1,032	78	5
Buy Pounds								
Less than 3 months	0.460	-	250	-	544	-	29	-
6 to 9 months	0.443	-	385	-	869	-	18	-
9 to 12 months	0.441	-	200	-	454	-	9	-
Buy THB								
Less than 3 months	23.688	28.355	40,270	60,000	1,700	2,116	36	(5)
3 to 6 months	22.592	28.269	44,800	24,000	1,983	849	(42)	1
6 to 9 months	23.019	28.202	30,500	24,000	1,325	851	2	4
9 to 12 months	23.077	-	18,000	-	780	-	5	-
Buy US Dollars								
Less than 3 months	0.768	0.832	5,396	6,415	7,026	7,709	888	(373)
3 to 6 months	0.717	0.819	5,029	4,875	7,014	5,949	402	(331)
6 to 9 months	0.737	0.837	4,065	4,000	5,518	4,781	476	(140)
9 to 12 months	-	0.836	-	2,500	-	2,990	-	(68)
12 to 15 months	-	0.832	-	1,350	-	1,622	-	(14)
					32,443	32,963	2,184	(849)

The fair value of forward foreign exchange contracts outstanding are recognised as other financial assets/liabilities. Hedge accounting is applied for certain forward foreign exchange contracts. Typically, these contracts that have hedge accounting applied are for periods greater than 3 months.

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	
	2015 %	2014 %	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Outstanding Contracts						
Outstanding variable rate for fixed contracts						
Less than 1 year	4.22	3.38	2,239	50,391	(16)	(54)
1 to 3 years	3.42	3.24	146,858	113,252	(2,924)	632
3 to 5 years	3.54	3.77	60,369	80,402	(2,215)	(1,472)
Greater than 5 years	5.18	5.14	10,000	15,000	(892)	(219)
			219,466	259,045	(6,047)	(1,113)

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.

31. FINANCIAL INSTRUMENTS continued

	Weighted average effective interest rate %	Maturity Dates							Total \$'000
		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	
Group - 2015									
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

	Weighted average effective interest rate %	Maturity Dates							Total \$'000
		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	
Group - 2014									
Financial assets:									
Cash and cash equivalents	2.4	88,698	-	-	-	-	-	-	88,698
Trade and other receivables	-	699,276	-	-	-	-	-	-	699,276
Other financial assets									
- derivatives	-	-	1,442	-	-	-	-	-	1,442
		787,974	1,442	-	-	-	-	-	789,416
Financial liabilities:									
Trade and other payables	-	808,338	13,053	4,349	521	521	521	3,646	830,949
Finance leases	8.6	-	167	701	-	-	-	-	868
Bank loans	4.6	-	37,328	219,825	98,651	81,198	-	-	437,002
Other financial liabilities									
- derivatives	-	-	3,404	-	-	-	-	-	3,404
		808,338	53,952	224,875	99,172	81,719	521	3,646	1,272,223

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 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:

	2015 \$'000	2014 \$'000
+ 100 basis point shift up in yield curve		
Impact on Profit	-	-
Impact on Total Equity	4,971	5,620
- 100 basis point shift down in yield curve		
Impact on Profit	-	-
Impact on Total Equity	(5,142)	(5,863)

(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 the 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.

	2015 \$'000	2014 \$'000
+ 10% shift in NZD rate		
Impact on Profit for the Year	(709)	(196)
Impact on Total Equity	(3,436)	(3,138)
- 10% shift in NZD rate		
Impact on Profit for the Year	709	196
Impact on Total Equity	3,436	3,173

31. FINANCIAL INSTRUMENTS continued

(g) Credit risk management

Credit risk refers to the risk that a counterparty 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 counterparties 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. Ongoing 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 is disclosed in Note 28.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties 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 negative pledge 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 2014.

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.

ADDITIONAL STOCK EXCHANGE INFORMATION

As at 31 July, 2015

	Fully paid shares	Percentage of paid capital
Twenty Largest Shareholders		
Sybos Holdings Pte Limited	60,275,458	40.00%
HSBC Nominees (New Zealand) Limited - NZCSD HKBN90	9,027,232	5.99%
Whyte Adder No 3 Limited	7,227,503	4.80%
JP Morgan Chase Bank - NZCSD CHAM24	7,126,096	4.73%
Accident Compensation Corporation - NZCSD ACCI40	4,067,738	2.70%
Citibank Nominees (New Zealand) Limited - NZCSD CNOM90	2,827,233	1.88%
Tea Custodians Limited - NZCSD TEAC40	2,763,661	1.83%
FNZ Custodians Limited	2,619,585	1.74%
Forsyth Barr Custodians Limited 1-33	2,331,606	1.55%
Custodial Services Limited A/C 3	2,145,929	1.42%
National Nominees New Zealand Limited - NZCSD NNLZ90	2,125,504	1.41%
HSBC Nominees (New Zealand) Limited - NZCSD HKBN45	1,609,097	1.07%
Herpa Properties Limited	1,368,922	0.91%
Forsyth Barr Custodians Limited 1-17.5	850,289	0.56%
Investment Custodial Services Limited A/C C	827,112	0.55%
Custodial Services Limited A/C 2	797,629	0.53%
BNP Paribas Nominees (NZ) Limited - NZCSD COGN40	783,599	0.52%
Custodial Services Limited A/C 18	779,902	0.52%
UBS Nominees Pty Limited	746,170	0.50%
Forsyth Barr Custodians Limited 1-30	679,974	0.45%
	110,980,239	73.66%

Substantial Security Holders

As at 30 June 2015, the following persons were deemed to be substantial security holders.

	Fully paid shares	Percentage of paid capital
Sybos Holdings Pte Limited	60,275,458	40.00%
Fidelity Holdings	15,038,999	9.98%
Whyte Adder No 3 Limited & Herpa Properties Limited	8,596,425	5.71%
	83,910,882	55.69%

Distribution of Shareholders and Shareholdings	Holders	Fully paid shares	Percentage of paid capital
Size of Holding			
1 to 1,000	1,845	890,517	0.59%
1,001 to 5,000	3,076	7,682,266	5.10%
5,001 to 10,000	879	6,202,453	4.12%
10,001 to 100,000	750	16,667,446	11.06%
100,001 and over	48	119,244,429	79.13%
Total	6,598	150,687,111	100.00%

Unmarketable parcel as at 31 July 2015

As at 31 July 2015, there were 212 shareholders (with a total of 4,591 shares) holding less than a marketable parcel of shares under the ASX Listing Rules, based on the closing share price of A\$8.95. 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 ongoing 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, 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 representative has one vote for each share.

Use of Cash and Cash Equivalents

In accordance with ASX Listing Rule 4.10.19, the Board has determined that the Company has used cash and cash equivalents that it had at the time of its admission to the ASX in a way consistent with its business objectives from the period of its admission to the ASX on 3 December 2013 to 30 June 2015.

Corporate Governance

The Board and management of EBOS Group Limited are committed to ensuring that the Company adheres to best practice and governance principles and maintains high ethical standards.

The Board and management of EBOS Group Limited are committed to ensuring that the Company adheres to best practice and governance principles and maintains high ethical standards. The Board has agreed to regularly review and assess the Company's governance structures to ensure they are consistent, both in form and in substance, with best practice. The Board considers that the Company's Corporate Governance policies, practices and procedures substantially comply with the New Zealand Stock Exchange Corporate Governance Best Practice Code. The Company supports the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Principles") and acknowledges that at present it does not meet all of ASX's recommendations. Where the Company does not meet the ASX Principles these have been outlined below. Further information on the Company's corporate governance policies and practices can be found in the Company's Corporate Governance Code ("Corporate Governance Code"), the full content of which can be found on the Company's website at <http://www.ebosgroup.com/investor-centre/corporate-governance/>.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role of the Board and Management

The Board is responsible for the direction and supervision of the business and affairs of the Company and the monitoring of the performance of the Company on behalf of shareholders. The Board also places emphasis on regulatory compliance.

Responsibility for the day-to-day management of the Company has been delegated to the Chief Executive Officer (CEO) and his management team.

The Board is responsible for directing the Company and enhancing its value for shareholders. It has adopted a

formal Corporate Governance Code that details the Board's responsibilities, membership and operation. A copy of the Code is available on the Company's website at <http://ebosgroup.com/investor-centre/corporate-governance/>.

As part of the Board's oversight of senior management, all Company executives are subject to annual performance review and goal planning. In addition, the Board monitors the performance of the CEO against the Board's requirements and expectations. In the 12-month period ended 30 June 2015, a review of each member of the Company's senior management was completed, and this was discussed with the executive concerned as part of the annual review process for that executive.

The Corporate Governance Code sets out an annual process for evaluating the performance of the Board, its committees and individual directors. Such process is led by the Chairman. Due to changes to the membership of the Board in 2014 and the future change to the role of Chairman in October 2015, the 2014 and 2015 assessments were deferred and will be scheduled once the new Chairman is in place so that a more meaningful review can take place. An internal assessment is scheduled for 2016.

The Company's policy is to undertake appropriate checks before putting forward a person to shareholders for election or appointing a person to fulfil a casual vacancy. Where the Company determines that a person is an appropriate candidate, security holders are provided with all material information in the Company's possession that is relevant to their decision on whether or not to elect or re-elect a director through a number of channels, including through the Notice of Meeting and other information contained in the Annual Report.

Upon appointment, each Director (and senior executive) receives a letter of

appointment, which sets out the formal terms of their appointment, along with a deed of indemnity, insurance and access.

Directors also attend formal induction sessions where they are briefed on the Company's vision and values, strategy, financial performance, and governance and risk management frameworks. Directors are also provided with ongoing professional development and training opportunities and programmes to enable them to develop and maintain the skills and knowledge needed to perform their role effectively.

As a New Zealand listed entity, the EBOS Group does not have a company secretary. The General Counsel provides company secretarial services. The General Counsel is accountable to the Board through the Chairman.

The NZX Main Board Listing Rules, until recently, have not required companies to have diversity policies and, as a result, the Company has yet to adopt a formal policy concerning diversity.

However, the Board is committed to the establishment and maintenance of appropriate ethical standards and in its recruitment practices is committed to recruiting individuals with the appropriate skills and qualifications required for the role.

The Company's gender representation is as follows:

	Female %	Male %
Board	25	75
Executive	8	92
Group	54	46

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Board Composition

The Board is structured to bring to its deliberations a range of experience relevant to the Company's operations.

Expertise	Experience
• Strategy • Commercial acumen • Financial knowledge and experience • Risk management • Corporate governance • International trade	Industry • Healthcare • Marketing • Logistics • Technology • Government Geographic regions • Oceania • South-East Asia

Page 18 sets out the qualifications, expertise, experience and length of service of each Director in office as at the date of this report. The Board is elected by the shareholders of EBOS Group Limited. At each annual meeting, at least one third of the Directors retire by rotation.

The Board currently comprises eight directors, three of whom are considered to be independent as that term is defined in the NZX Main Board Listing Rules, the ASX Listing Rules and the ASX Principles. The following are non-executive directors: Chairman, Rick Christie; Elizabeth Coutts; Peter Kraus; Stuart McGregor; Sarah Ottrey; Barry Wallace and Peter Williams. The Company has one executive director Mark Waller. Rick Christie, Elizabeth Coutts and Sarah Ottrey have been determined as Independent Directors.

At the October 2015 Annual Meeting, Rick Christie intends to resign as Chairman and as a director of the Board. It is proposed that Mark Waller be appointed as Chairman.

The Board believes that its current structure is appropriate. Peter Kraus has had a long and substantial involvement with the Company with interests associated with him having significant equity interests in the Company. The involvement of Peter Williams and Stuart McGregor reflects the confidence of Sybos Holdings Pte Limited as a 40% shareholder in the Company. A further enlargement of the Board for the sole

purpose of complying with the ASX Principles is not justified at this time given the calibre of the current Board. The Board considers Mark Waller will, on taking the role of Chairman, be independent for the purposes of the NZX Main Board Listing Rules. Mark Waller will not satisfy every ASX Corporate Governance Council recommendation as to the factors relevant to assessing the independence of a director, but the Board members unanimously believe that he will nevertheless act independently as Chairman, based on the experiences of those of them who have worked with him as a director of EBOS over many years, and in particular having regard to the high degree of professionalism he has at all times displayed as an EBOS director. In addition, the Board notes that Mark Waller has no affiliation with any shareholder of the Company, and has not had any such affiliation during his tenure as the EBOS Managing Director/Chief Executive Officer.

The Board's assessment of the independence of each current Director is set out below.

Name	Status	Appointment Date
Rick Christie	Independent	June 2000
Elizabeth Coutts	Independent	July 2003
Peter Kraus	Non-independent	1990
Stuart McGregor	Non-independent	July 2013
Sarah Ottrey	Independent	September 2006
Barry Wallace	Non-independent	October 2001
Mark Waller	Non-independent*	1987
Peter Williams	Non-independent	July 2013

*For the purposes of the NZX Listing Rules and the ASX Principles in his current role as Executive Director.

Senior Executives

EBOS Group's senior executives are appointed by the CEO and their key performance indicators contain specific financial and other objectives. These KPIs are reviewed annually by the CEO and noted by the Remuneration Committee. The performance of the EBOS Group senior executives against these objectives is evaluated annually.

Board Committees

Specific responsibilities are delegated to the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee. Each of these committees has a charter setting out the committee's objectives, procedures, composition and responsibilities. Copies of these charters are available on the Company's website.

Board Processes

The table within the Directors' Disclosures shows attendances at the Board and Committee meetings during the year ended 30 June 2015.

Under the Company's Corporate Governance Code, the Chairperson is responsible for the processes for evaluating the performance of the Board, Board Committees and individual directors.

The Company's Corporate Governance Code provides for directors of the Company to obtain independent professional advice at the expense of the Company subject to obtaining the prior approval of the Audit and Risk Committee.

Share Trading by Directors and Officers

The Company has formal procedures that directors and officers must follow when trading EBOS shares. The Share Trading Policy is available on the EBOS Group website.

Remuneration Committee

The Remuneration Committee provides the Board with assistance in establishing relevant remuneration policies and practices for directors, executives and employees including ensuring appropriate background checks are undertaken. Members of the Remuneration Committee are Rick Christie (Chairman), Barry Wallace and Mark Waller. The majority of the members are not independent for the purposes of the ASX Listing Rules, but the Board consider them appropriate based on their individual skills.

Nomination Committee

The procedure for the appointment and removal of directors is ultimately governed by the Company's Constitution. A director is appointed by ordinary resolution of the shareholders, although the Board may fill a casual vacancy. The Board has delegated to the Nomination Committee the responsibility for recommending candidates to be nominated as a director on the Board and candidates for the committees. When recommending candidates to act as a director, the Nomination Committee takes into account such factors as it deems appropriate, including the experience and qualifications of the candidate. The current members of the Nomination Committee are Rick Christie (Chairman), Elizabeth Coutts and Peter Kraus. The majority of the members of the Nomination Committee are independent. There were no Nominations Committee meetings held during the year.

The Nomination Committee Charter which outlines the Committee's authority, duties, responsibility and relationship with the Board is set out as Appendix D to the Corporate Governance Code and is available on the Company's website at <http://www.ebosgroup.com/investor-centre/corporate-governance/>.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

The Board has a code of conduct for its directors, senior executives and employees, in the form of its Code of Ethics. The Code of Ethics is set out as Appendix A to the Corporate Governance Code and is available on the Company's website at <http://www.ebosgroup.com/investor-centre/corporate-governance/>. The Code of Ethics is the framework of standards by which the directors and employees of EBOS, and its related companies, are expected to conduct their professional lives, and covers conflicts of interest, receipt of gifts, confidentiality, expected behaviour, delegated authority and compliance with laws and policies.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

The Audit and Risk Committee provides the Board with assistance in fulfilling its responsibilities to shareholders, the investment community and others for overseeing the Company's financial statements, financial reporting processes, internal accounting systems, financial controls, and annual external financial audit and EBOS's relationship with its external auditor. In addition, the Audit and Risk Committee is responsible for the establishment of policies and procedures relating to risk oversight, identification, management and control.

Members of the Audit and Risk Committee are Barry Wallace (Chairman), Rick Christie and Elizabeth Coutts. Despite not being an independent director, the Board considers Barry Wallace to be an appropriate director to chair the Audit and Risk Committee given his qualifications as a chartered accountant and his background in financial management. Further information about the relevant qualifications and experience of the

members of the committee is set out on page 18 of this report.

The Audit and Risk Committee Charter, which outlines the Committee's authority, duties, responsibilities and relationship with the Board, is set out as Appendix B to the Corporate Governance Code and is available on the Company's website. Information on the procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners, is set out in section 9 of the Corporate Governance Code.

There were three Audit and Risk Committee Meetings held during the year and all members attended each meeting.

For the annual and half-year accounts released publicly, the Board has received assurances from the Chief Executive Officer and the Chief Financial Officer that, in their opinion, the financial records of the Company have been properly maintained; the financial statements and notes required by accounting standards for external reporting give a true and fair view of the financial position and performance of the Company and the consolidated group, and comply with the accounting standards and any further legislative requirements and the representations are based on a sound system of risk management and internal control and the system is operating effectively in all material respects in relation to financial reporting risks.

Deloitte acts as the Company's external auditor, attends the Company's Annual Meeting and is available to answer questions from shareholders relevant to the audit.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has a written policy that is designed to ensure compliance

with the NZX Main Board Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. The General Counsel is responsible for the Company's compliance with statutory and NZX and ASX continuous disclosure requirements and the Board is advised of, and considers, continuous disclosure issues at each Board meeting.

The Company intends to amend the Corporate Governance Code in due course to include a written policy that satisfies the ASX Principles regarding compliance by the Company with the ASX Listing Rules. The Corporate Governance Code is available on the Company's website at <http://www.ebosgroup.com/investor-centre/corporate-governance/>.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Respecting the rights of shareholders is of fundamental importance to the Company and a key element of this is how the Company communicates to its shareholders. To this end, the Company recognises that shareholders must receive relevant information in a timely manner in order to properly and effectively exercise their rights as shareholders.

Information is communicated to shareholders in the Annual Report and the Interim Report. The Board has adopted a policy of continuous disclosure to ensure that it complies with the NZSX and ASX Listing Rules. The Board encourages full participation of shareholders at the company meetings to ensure a high level of accountability and identification with the Group's strategies and goals, including by encouraging shareholders to attend meetings, giving advanced notice of the dates of all scheduled meetings, inviting shareholders to submit

questions in advance and allowing time at meetings for shareholders to speak on any resolutions and ask questions of the Board. Investors are provided with information on the Company from its website (<http://www.ebosgroup.com>). The site contains recent NZSX and ASX announcements and reports. Shareholders are also given the option to receive communication from, and send communications to, the Company and its security registry electronically.

The Company has an investor relations program, which aims to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Company. This program is governed by a set of shareholder participation principles that are designed to promote effective communication with shareholders and encourage shareholder participation at general meetings. These principles are set out in section 12 of the Corporate Governance Code which is available on the Company's website at <http://www.ebosgroup.com/investor-centre/corporate-governance/>.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Company has established an Audit and Risk Committee whose purpose is to, among other things, assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to identifying and monitoring material business risks. A summary of the functions of the Audit and Risk Committee is set out in the Audit and Risk Committee Charter which is set out as Appendix B to the Corporate Governance Code and available on the Company's website at <http://www.ebosgroup.com/investor-centre/corporate-governance/>.

The members of the Audit and Risk Committee, their independence and the number of times they meet is noted on pages 64 and 71 of this report.

The management team reports to the Board and/or the Audit and Risk Committee on whether the Company's material business risks are being managed effectively.

The Audit and Risk Committee is required to review the Company's risk management framework annually to satisfy itself that it continues to be sound. A review of the risk management framework was last carried out on 24 August 2015.

The Company does not have an internal audit function other than the oversight undertaken by the Audit and Risk Committee. However, the Company has appointed KPMG to act as the Company's internal auditor by reviewing specific areas of the business each year under a three-year program approved by the Audit & Risk Committee to provide the Company with an independent and objective evaluation of the Company's management of risk.

The EBOS Group external auditor, Deloitte, was reappointed on 31 October 2014. Deloitte is invited to all Audit and Risk Committee meetings and all Audit and Risk Committee papers are made available to Deloitte.

Deloitte attends the Company's Annual Meeting and a representative is available to answer questions from shareholders relevant to that audit at, or ahead of, the Annual Meeting.

EBOS Group defines risk management as the identification, assessment and treatment of risks that have the potential to materially impact the Group's operations, people, and reputation, the environment and communities

in which the Group works, and the financial prospects of the Group.

EBOS Group's risk management framework is tailored to its business, embedded largely within existing processes and aligned to the Company's objectives, both short and longer term. Given the diversity of the Group's operations, a wide range of risk factors has the potential to affect the achievement of business objectives. Key risks are set out below, together with the Group's approach to managing those risks.

Competition risk: EBOS Group operates in a competitive environment and, as such, may experience increased competition that could adversely affect EBOS Group's sales, operating margins and market share.

Risk Management: The risk of increased competition in the markets that EBOS operates in is ever present and to a large extent outside the control of management. The Group has a continued focus on its operating performance to ensure that it continues to service the needs of its customers, whilst at the same time delivering acceptable returns to shareholders.

Reliance on key suppliers: A material proportion of EBOS Group's inbound supplies is derived from key suppliers in several of its markets. If any key suppliers ceased supplying to EBOS Group or materially reduced the amount of these supplies, the result could be a negative impact on the financial performance of EBOS Group.

Risk Management: There is the possibility of competition for supply of wholesale services with suppliers choosing to bypass the existing wholesale network. This happened in Australia when Pfizer decided to distribute their retail

pharmacy products directly in 2011. The Group is focussed on maintaining its critical supplier relationships by active engagement programs.

Price regulatory risk: The commercial success of EBOS is partly dependent on the achievement of acceptable pricing and margins for the goods and services it provides. EBOS Group operates in a number of highly regulated industry segments, relating to the distribution and supply of pharmaceutical and medical products and as such, EBOS Group is continually exposed to the risk of new government policies, regulations and legislation that may impact on both the pricing of products and its resulting profitability.

Risk Management: The pharmaceutical distribution industry is subject to significant regulation and government reform. The Australian government's reforms to the Pharmaceutical Benefits Scheme (PBS) over many years has had, and continues to have, the effect of lowering the prices paid for medicines that have been genericised, and thereby lowering the distribution margin earned by the Group. The Group has no control over these price adjustments and to date has offset the impact of lower distribution margin by reducing operating costs and customer discounts. As the regulated adjustment to medicine prices continues, the Group is focussed on adjusting its business model that best meets its objectives however, there is no guarantee that it will always be in a position to offset the lost margin from these reforms.

Industry regulatory risk: The financial performance of EBOS may be materially affected by changes in government regulations with respect to the pharmacy industry in Australia and New Zealand, including the Community

Service Obligations (CSO) funding in Australia. Any material adverse change in the basis of the CSO funding, the performance criteria, the achievement of performance criteria, or the termination of Symbion's CSO Agreement, would have a material negative impact on the financial performance of EBOS Group.

Risk Management: Symbion is a signatory to the CSO deed which governs the basis under which the Group distributes medicines around Australia in return for access to a pool of funding that subsidises the distribution of pharmaceuticals to rural and remote parts of Australia. Failure to meet the obligations under this deed, or other state-based legislation, may result in fines or loss of licence to distribute pharmaceuticals. The Group reports and reviews its compliance to regulations to ensure all obligations are met. The Group's operations are also subject to separate external audit by the CSO Agency. If at any point in the future the government decided to reduce the amount of funding provided under the CSO deed then the Group may need to reconsider its business model and determine whether being a signatory to the CSO continues to be commercially viable.

Risk of changes to industry structure: Future potential changes to the structure of the pharmaceutical industry in Australia or New Zealand may have a material impact on EBOS Group's margins and financial performance.

Risk Management: Retail pharmacy in Australia and New Zealand is subject to significant government regulation. This regulation governs the rules on both pharmacy ownership and location rules. If the government were to change either the ownership or location rules, then this could have a significant impact on

the company's operations and financial position. The Group has no control over the government's approach to regulation of these matters, but does actively engage with government on the benefits of the current model.

Currency risk: EBOS Group's operations are primarily in New Zealand and Australia. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the primary currency for the Group's operations. The Group makes purchases in foreign currencies, such as the US dollar and the Euro, and is therefore exposed to foreign exchange risk arising from movements in exchange rates.

EBOS Group's functional currency is New Zealand dollars. EBOS Group is exposed to currency translation risk on conversion of earnings in Australian dollars to New Zealand dollars. This may have the impact of either increasing or decreasing the expected earnings from EBOS Group.

Risk Management: To manage the currency risk in respect of both revenue and expenses, EBOS Group may hedge a percentage of its net foreign currency exposures using forward foreign exchange contracts and/or foreign exchange options to reduce the variability from changes in EBOS Group's net operating income and cash flows to acceptable parameters. Such hedging does not, however, guarantee a more favourable outcome than that achieved by not hedging.

The Group does not hedge the translation risk that arises upon conversion of its overseas-based operations into New Zealand dollars.

Impairment risk: EBOS Group carries significant goodwill and intangible assets on its balance sheet. Accounting policies require that these assets be regularly tested for impairment and that the underlying assumptions supporting their carrying value be confirmed. There is a risk that the carrying balances for goodwill and/or intangibles may become impaired in the future, which would have an adverse effect on EBOS Group's financial position.

Risk Management: Whether the Group experiences a write-down in the carrying value of its intangibles will largely depend on the operating performance of the business with which those intangibles are associated. The Group conducts an annual test for impairment on the value of all goodwill and intangible assets, including the underlying assumptions using a discounted cash flow analysis.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Company has established a Remuneration Committee, the current members of which are Rick Christie, Barry Wallace and Mark Waller. Rick Christie is the Chair of the Remuneration Committee. The Remuneration Committee's Charter, which outlines the Committee's authority, duties, responsibility and relationship with the Board is set out as Appendix C to the Corporate Governance Code and is available on the Company's website at <http://www.ebosgroup.com/investor-centre/corporate-governance/>.

There was one Remuneration Committee meeting held during the year, which was attended by Rick Christie and Mark Waller.

The Committee does not comprise a majority of independent directors. Membership of the Committee includes Barry Wallace and Mark Waller, who are not independent Directors.

The Company's policies and approach to remuneration issues are outlined in section 10 of the Corporate Governance Code (and is available on the Company's website at <http://www.ebosgroup.com/investor-centre/corporate-governance/>).

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Great Hall, Chateau on the Park, Cnr Deans Avenue and Kilmarnock Street, Riccarton, Christchurch, New Zealand at 2.00pm on Tuesday, 27 October 2015.

Directors' Interests

SHARE DEALINGS BY DIRECTORS

The Directors have disclosed to the Board under section 148(2) of the *Companies Act 1993* particulars of acquisitions or dispositions of relevant interest.

DISCLOSURE OF INTERESTS BY DIRECTORS

In accordance with section 140(2) of the *Companies Act 1993*, the Directors named below have made general disclosure of interest, by a general notice disclosed to the Board and entered in the Company's interest register, as follows:

R.G.M. Christie: Chairman of ikeGPS Group Ltd, National e-Science Infrastructure – NeSI, and Service IQ. Director of South Port New Zealand Ltd, Solnet Solutions Ltd, and Powerhouse Ventures Ltd.

E.M. Coutts: Chair of Urwin & Co Ltd and Oceania Healthcare Ltd and Director of Yellow Pages group of companies, Ports of Auckland Ltd, Sanford Ltd, Skellerup Holdings Ltd and Tennis Auckland Region Incorporated, and Member, Marsh New Zealand Advisory Board and Chair of Inland Revenue, Risk and Assurance Committee and Vice-President, Institute of Directors Inc.

P.F. Kraus: Director of Whyte Adder No.3 Ltd, Herpa Properties Ltd, Ecostore Company Ltd, and Peton Villas Ltd.

S.J. McGregor: Chairman of Donaco International Ltd, Powerlift Australia Pty Ltd, C.B. Norwood Pty Ltd and director of Symbion Pty Ltd.

S.C. Ottrey: Director of Comvita Ltd, Whitestone Cheese Ltd, and Sarah Ottrey Marketing Ltd and Member of the Inland Revenue Risk and Assurance Committee.

B.J. Wallace: Director of Allum Management Services Ltd, Whyte Adder No 3 Ltd, Herpa Properties Ltd, Ecostore Company Ltd and Peton Villas Ltd.

M.B. Waller: Director of EBOS Group Ltd and its associated companies, Scott Technology Ltd, and HTS-110 Ltd (Alternate Director).

P.J. Williams: Executive of the Zuellig Group and associated companies, a director of Interpharma Investments Ltd, Pharma Industries Ltd and Cambert.

Directors' Disclosures

There were no notices from directors of the Company requesting to use Company information received in their capacity as directors, which would not otherwise have been available to them.

SHARE DEALINGS BY DIRECTORS

Director	Ordinary Shares Purchased/(Sold)	Consideration Paid/(Received)	Date of Transaction
R G M Christie – Non-beneficially held	(1,800)	–	June 2015
E M Coutts – Held by associated persons	324 431	\$3,090 \$4,276	October 2013 April 2014
S C Ottrey – Held by associated persons	94 125	\$895 \$1,244	October 2013 April 2014
P F Kraus Held by associated persons	101,815 135,589 148,705 129,935	\$969,982 \$1,342,346 \$1,298,194 \$1,393,996	October 2013 April 2014 October 2014 April 2015
B J Wallace – Non-beneficially held	101,815 135,689 148,705 129,935	\$969,982 \$1,342,346 \$1,298,194 \$1,393,996	October 2013 April 2014 October 2014 April 2015
M B Waller – Held by associated persons	14	\$144	April 2014
Non-beneficially held	9,311 8,137	\$81,285 \$87,229	October 2014 April 2015
M B Waller – Non-beneficially held	(1,800)	–	June 2015

DIRECTORS' SHAREHOLDINGS

Number of fully paid shares held as at	30 June 2015	30 June 2014
E M Coutts – Held by associated persons	26,903	26,497
R G M Christie – Non-beneficially held – Staff share purchase scheme	129,492	125,092
P F Kraus – Held by associated persons	1,535 8,596,425	1,535 8,317,785
S C Ottrey – Held by associated persons	7,962	7,705
B J Wallace – Non-beneficially held – Director of Whyte Adder No.3 Ltd/Herpa Properties Ltd	8,596,425	8,317,785
M B Waller – Held by associated persons	547,639	530,191
– Non-beneficially held – Staff share purchase scheme	129,492	125,092

ATTENDANCE

	Board		Audit & Risk		Remuneration	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
R Christie	10	10	3	3	1	1
P Kraus	10	9	-	-	-	-
E Coutts	10	10	3	3	-	-
S Ottrey	10	10	-	-	-	-
S McGregor	10	10	-	-	-	-
B Wallace	10	9	3	3	1	-
M Waller	10	9	-	-	1	1
P Williams	10	10	-	-	-	-

INDEMNITY AND INSURANCE

In accordance with section 162 of the *Companies Act 1993* and the constitution of the Company, the Company has given indemnities to, and has effected insurance for, the directors and executives of the company and its related companies which, except for some specific matters that are expressly excluded, indemnify and insure directors and executives against monetary losses as a result of actions undertaken by them in the course of their duties. Specifically excluded are certain matters, such as the incurring of penalties and fines, which may be imposed for breaches of law.

DIRECTORS' REMUNERATION AND OTHER BENEFITS

Directors' remuneration and other benefits required to be disclosed pursuant to section 211(1) of the *Companies Act 1993* for the year ended 30 June 2015 were as follows:

	30 June 2015	30 June 2014
R.G.M. Christie	\$215,000	\$215,000
E.M. Coutts	\$110,000	\$110,000
P.F. Kraus	\$100,000	\$100,000
S J McGregor	\$100,000	\$100,000
S.C. Ottrey	\$100,000	\$100,000
B.J. Wallace	\$118,000	\$118,000
P.J. Williams	\$100,000	\$100,000
M.B. Waller	Salary	\$1,349,330
(Executive Director)	* Other benefits	\$391,500
		\$1,773,000
		\$1,702,720

*Includes a one-off, long-term incentive, performance bonus and other emoluments.

GENERAL COMPOSITION

As at 30 June 2015, two of the directors of the Company are female (2014: 2 females) and one management position is held by a female (2014: 1 female).

EMPLOYEE REMUNERATION

Grouped below, in accordance with Section 211 of the *Companies Act 1993*, are the number of employees or former employees of the company and its subsidiaries, including those based in Australia, who received remuneration and other benefits in their capacity as employees totalling NZ\$100,000 or more during the year.

Employee Remuneration (NZ\$)	30 June 2015	30 June 2014
	Number of Employees	Number of Employees
100,000 – 110,000	94	41
110,000 – 120,000	60	54
120,000 – 130,000	52	38
130,000 – 140,000	32	14
140,000 – 150,000	25	27
150,000 – 160,000	29	21
160,000 – 170,000	12	20
170,000 – 180,000	16	15
180,000 – 190,000	20	1
190,000 – 200,000	12	9
200,000 – 210,000	12	5
210,000 – 220,000	7	9
220,000 – 230,000	4	3
230,000 – 240,000	3	4
240,000 – 250,000	6	1
250,000 – 260,000	4	2
260,000 – 270,000	2	3
270,000 – 280,000	3	1
280,000 – 290,000	2	3
290,000 – 300,000	1	4
300,000 – 310,000	5	2
310,000 – 320,000	2	1
320,000 – 330,000	1	2
330,000 – 340,000	2	1
340,000 – 350,000	-	1
350,000 – 360,000	1	1
360,000 – 370,000	-	1
370,000 – 380,000	1	1
380,000 – 390,000	-	1
410,000 – 420,000	2	1
420,000 – 430,000	2	-
440,000 – 450,000	1	-
450,000 – 460,000	-	1
520,000 – 530,000	-	1
550,000 – 560,000	1	-
560,000 – 570,000	1	-

Employee Remuneration (NZ\$)	30 June 2015	30 June 2014
	Number of Employees	Number of Employees
590,000 – 600,000	1	-
600,000 – 610,000	-	1
610,000 – 620,000	1	1
620,000 – 630,000	2	-
630,000 – 640,000	-	1
680,000 – 690,000	1	1
700,000 – 710,000	1	-
720,000 – 730,000	-	1
780,000 – 790,000	-	1
820,000 – 830,000	-	1
830,000 – 840,000	-	2
920,000 – 930,000	-	1
1,040,000 – 1,050,000	1	-
1,110,000 – 1,120,000	1	-
1,430,000 – 1,440,000	-	1
1,740,000 – 1,750,000	1	-
2,160,000 – 2,170,000	1	-

AUDITOR

The Company's Auditor, Deloitte, will continue in office in accordance with the *Companies Act 1993*.

The Directors are satisfied that the provision of non-audit services, during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Companies Act 1993*. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 5 to the financial statements.



R.G.M. Christie
Chairman of Directors



M.B. Waller
Executive Director

Directory

REGISTERED OFFICES

108 Wrights Road
PO Box 411
Christchurch 8024
New Zealand
Telephone: +64 3 338 0999
Email: ebos@ebos.co.nz

Level 3, 484 St Kilda Road
Melbourne 3004
PO Box 7300
Melbourne 8004
Australia
Telephone: +61 3 9918 5555
Email: ebos@ebosgroup.com

WEBSITE ADDRESS

www.ebosgroup.com

DIRECTORS

Rick Christie
Independent Chairman

Mark Waller
Executive Director

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
General Manager, Pharmacy

Michael Broome
Group General Manager, HCL and Symbion Contract Logistics

Simon Bunde
General Manager, Group Operations & Strategy

Janelle Cain
General Counsel

John Cullity
Chief Financial Officer

Sean Duggan
Chief Executive Officer, Animal Care

Tim Goldenberg
Group Human Resources Manager

Kelvin Hyland
General Manager, EBOS Healthcare

David Lewis
General Manager, Onelink Australia

Stuart Spencer
General Manager, Group Business Development

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 (NZ/ASX code: EBO).

SHARE REGISTER

Computershare Investor Services Ltd
Private Bag 92119
Auckland 1142
New Zealand
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.investorcentre.com/nz

General enquiries can be directed to:

- enquiry@computershare.co.nz
- 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 Tuesday, 27 October 2015 at the Chateau on the Park, Cnr Deans Avenue and Kilmarnock Street, Christchurch, New Zealand at 2.00pm.

