

EBOS Group Limited
Annual Report 2009

EBOS key revenue streams

- Healthcare and scientific sales and marketing, where we drive demand for specific brands.
- Pharmaceutical and medical wholesaling.
- As a key service provider of pharmaceuticals and medical consumables to hospitals.
- As a key service provider to multi-national healthcare manufacturers.



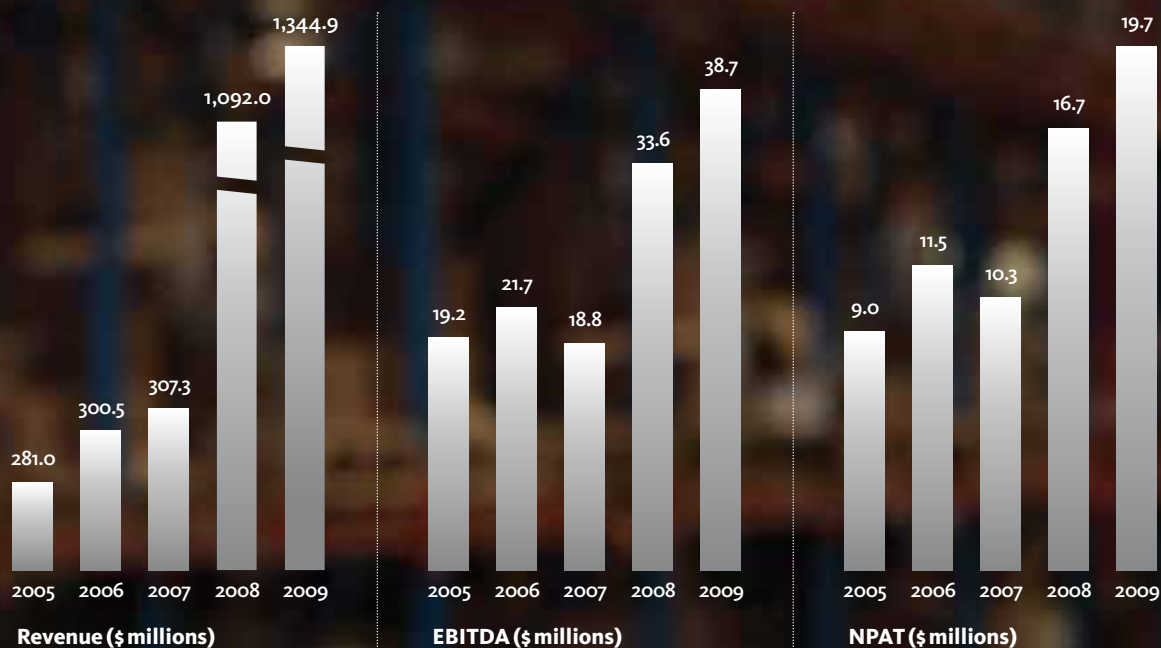
EBOS Group Limited **Annual Report 2009**

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Highlights of the year ended 30 June 2009

- Australia recorded very strong profit growth as we leveraged off our national operating platform.
- All Healthcare businesses improved their earnings over the prior year.
- Strong cash flows enabled \$11.6 million bank debt to be repaid, and net debt to net debt plus equity ratio reduced to 19.6%.
- Our wholesale and logistics businesses benefited from rigorous cost reductions and containment measures.
- With stronger second six months our scientific businesses recorded a solid profit result at 91% of the prior year.

Financial performance and trends



	2009	2008	2007	2006	2005
Net cash inflow from operating activities (\$'000)	33,310	28,546	7,254	8,349	6,532
Shareholders' interest (\$'000)	162,039	147,304	92,195	55,763	49,512
Distributions cents per share	25.0c	23.0c	22.5c	22.5c	21.5c
Earnings per share	41.1c	37.6c	31.7c	41.8c	32.5c
Interest cover	4.4	3.7	7.8	6.9	7.7
Net interest bearing debt to net interest bearing debt plus equity	19.6%	32.0%	8.1%	42.3%	40.2%





Chairman's report

The EBOS Board of Directors is again pleased to report a record performance by EBOS Group Limited for the year ending 30 June 2009, reflecting a group-wide effort to further lift our trading performance and generate stronger cash flows. The result was doubly pleasing as it was achieved despite weak market conditions in both New Zealand and Australia.

The biggest growth step ever taken by EBOS, was the 2007 expansion into the pharmaceutical distribution and logistics sector. Accordingly, it is significant that business activities involved in the acquisitions of 2007 and 2008 have performed right up to expectations.

Strong teamwork has produced excellent performances from our New Zealand and Australian Healthcare businesses while Scientific has produced sound results.

The EBOS board is pleased to see strong leadership on key economic, regulatory and social issues by the new Government. The changes coming through may include steps towards greater efficiencies in the District Health Board sector in which EBOS has relevant experience and knowledge.

EBOS has improved its ranking, by market capitalisation in the NZX-50, with resultant increased interest in the company from equity analysts.

Results

In the year ended 30 June 2009, revenue was up 23.2% to a new record at \$1,345m (\$1,092m in 2008). Earnings before interest, tax, amortisation and depreciation level was a record \$38.71m, and a 15.1% improvement on the \$33.63m achieved in 2008.

Net profit after tax of \$19.73m was 18.4% higher than the 2008 result of \$16.66m and is after interest costs of \$7.93m (2008 \$8.33m) and tax expense of \$7.05m (2008 \$5.88m).

The trading results reflect on three key revenue streams:

- Healthcare sales and marketing where we drive demand for specific brand,
- Scientific sales and marketing – as above where we drive demand.

(Both of these sectors are trans-Tasman.)

- Wholesale/Logistics where we are a key service provider to large customers for Pharmaceuticals, OTC products and medical consumables. These businesses are exclusively in NZ.

Earnings per share increased from 37.6 cents to 41.1 cents on the capital base of 48.98 million shares on issue, as at 30 June 2009. This outcome confirms the positive trend in earnings growth since 2006.

Balance sheet

EBOS has strengthened its financial position with significant debt reduction over the past year, a highlight.

Net debt at balance date was \$39.4m (2008 \$69.7m), with strong operating cash flows, and the company has achieved a satisfactory and conservative ratio of debt to debt plus equity of 19.6%.

The group has completed the first period of three-year banking arrangements.

Net assets increased to \$162.04m (\$147.30m). Current assets stand at \$314.58m (\$299.72m) and non-current assets at \$185.25m (\$186.47m), with current liabilities at \$254.25m (\$322.77m) and non-current liabilities at \$83.54m (\$16.12m).

Total equity stands at \$162.04m compared with \$147.30m in 2008 when it was substantially increased by share placements made with financial institutions, and a well supported Share Purchase Plan.

Operational cash flow generation in 2009 was a record \$33.3m and compares with last year's \$28.54m, which was also a significantly improved result. The further increase was achieved by a major internal focus on managing group inventory and working capital.



Dividend and Bonus Share Distribution

The directors have approved a bonus share distribution of 14.5 cents per share, to be issued on 2 October 2009, making a total distribution of 25 cents per share for the year. The record date for the bonus share distribution is 4 September 2009. Shareholders have the option to have these shares purchased back by the company for cash. When shareholders support the bonus share distribution opportunity, cash is retained in the business to either fund future growth or improve net earnings from reduced funding costs.

Board

During an extraordinary year of uncertainty for the New Zealand and Australian economies, EBOS has benefited from the commitment and combined business experience of its directors. I express my sincere thanks for the efforts and support of the board over this period. During the past year Peter Merton ceased his management responsibility for PRNZ Ltd, with those functions shifting internally, however he remains a valued member of the EBOS board. Mark Stewart was appointed by the board as a director in September 2008 and he has made a valuable contribution.

Management and Employees

We are very fortunate with the calibre of our management and we have again been well served by Mark Waller and his team. Notwithstanding the increased scale and reach of the EBOS Group, managements' efforts have ensured the continuation of a successful business culture in which almost 1,000 employees can experience the satisfaction of being part of EBOS's pursuit of excellence across all of its operations.

The further improvement in our corporate results during a most challenging business environment confirms a willingness on their part to want EBOS to excel, and this has been vital to meeting the challenges of 2008-09. My special thanks to the senior management team who have been integral to the process of sharpening the group's overall performance.

Outlook

EBOS has every reason to remain optimistic about our future prospects. We have a very strong market position with a diversified base that is resilient to business impacts encountered by the economy in general. We have achieved this by building our capability in key areas of logistics and marketing, by making acquisitions based on careful selection and disciplined decision-making, and by strong management of working capital. We offer our suppliers an effective choice of market channels and provide our customers with the very best sources of products and services.

Our conservative balance sheet provides the flexibility to seek further expansion opportunities and EBOS will continue to evaluate industry prospects for those that can add shareholder value.

I encourage shareholders to attend the Annual Shareholders' Meeting to be held at Christchurch on Thursday 22 October 2009, and thank you for your strong support of the company.

A handwritten signature in dark ink, appearing to read 'Rick Christie'.

Rick Christie
Chairman of Directors



Managing Director's review

During the past year EBOS Group Limited has produced an outstanding performance particularly when measured against the background of the current major recession.

In contrast to slowing growth in many business sectors most of the markets in which EBOS operates had a dynamic year to June 2009. Our diversification across national markets was of immense benefit, with the economy of Australia not as heavily impacted as that of New Zealand. Our operations in Australia made a major contribution to group earnings.

It is important that our suppliers, customers and investors know that we believe in our ability to grow and maintain service excellence and enduring value whatever the stage of the business cycle.

The impact of the global economic crisis on EBOS has been mitigated because the business sectors in which we operate – Healthcare and Scientific – service the fundamental demands of our society that do not diminish because there is a downturn.

EBOS has continued to deliver on growth expectations even in a difficult and complex economic environment. We have reported solid performances across all group trading divisions as reported below under 'Operational' markets.

Earnings Before Interest, Taxation, Depreciation and Amortisation ('EBITDA'), was a record \$38.7m, a 15.1% improvement over last year. This represents a doubling in the level of EBITDA during the past five years. EBOS has averaged Earnings Per Share of 36.9 cents over that period, during which issued capital has substantially increased.

From an investment perspective, EBOS is viewed by commentators as a defensive business that is able to ride through economic cycles, better than most companies. However, the group's trading resilience in the face of negative economic forces is not simply fortuitous – our growth strategies have created this position.

The continuing record performance reflects an intentional strategy to grow by way of incremental steps in industry sectors that we understand and then achieving optimal performance from each component of the group.

The major acquisition of PRNZ broadened the market reach of the group in Healthcare Logistics and Pharmacy Wholesale.

We have also concentrated on achieving excellence in service delivery upstream to our manufacturer customers, and downstream to our customers in Hospitals, Primary Care, Consumer, Rehabilitation and Aged Care, Pharmacy and Scientific markets.

The lesson of the past year is that massive shifts in global and domestic markets can occur at short notice. Increased business transparency is required not only externally but internally. It is a time to closely manage business risk and EBOS is doing this very effectively.

The project undertaken to upgrade our analysis and awareness of our business matrices has greatly assisted management's understanding of where EBOS can improve business unit performance and prevent leakage of hard-won revenue gains. Improved efficiency and cost containment is critical to current and future success.

Access to a 'digital dashboard' of Key Performance Indicators ('KPI's') has enabled managers to constantly monitor sales performance, costs of sale and gross profit generated and our customer service levels. We have also made broad improvements on working capital management.

This flow of key operational data coupled with ongoing positive customer feedback has confirmed that EBOS managers are making the right choices.

This focus on working capital and rigorous KPI's makes EBOS a sound, reliable, business partner in uncertain times.

Our internal drive for improved performance has resulted in operational cash flow reaching a record \$33.3m in the 2009 year.





Managing Director's review continued

Strong operating cash flows have enabled EBOS to steadily reduce debt ratios and we are pleased to report excellent progress in this area given the heightened market awareness generally of the importance of balance sheet strength. Our sound net interest bearing debt to debt plus equity position is well illustrated in the trend for the past five years:

Ratio of Debt to Debt + Equity				
2005	2006	2007	2008	2009
40.2%	42.3%	8.1%	32.0%	19.6%

Net debt at year-end was \$39.4m compared with \$69.7m at June 2008.

Our strong balance sheet position is assisted by a combination of cash flow and the rollover last year of our bank facilities until 2011. EBOS has a three year \$120m banking facility. The conservative balance sheet provides head-room for further expansion.

Operational Markets

EBOS's financial results reflect our overall performance in providing suppliers with the best possible channels to market and understanding the challenges facing our customers during the economic downturn. EBOS managers have worked hard to ensure that our customers are aware that we are ready to provide solutions to help them meet such challenges.

EBOS Healthcare Australia and New Zealand

Australia

The excellent performance of our overall Healthcare operations in Australia & New Zealand reflected our strong multi-channel business model.

Another record year confirms that EBOS Australia is now a major generator of group earnings. Revenue growth was up by 10.9% with very strong organic profit growth as we leveraged off our broader market platform.

Our underlying resilience was based on strong positions in the Primary Care (GPs, medical centres) market, Hospitals market and Aged Care sector. Primary Care growth was very strong. Infection control products continued to be a great success for the Hospitals division where EBOS had excellent growth overall. A major focus on the infection prevention market has created a new strategic partnership with significant growth projected over the next 5 years.

The Aged Care Division has rolled out a 'one stop shop' strategy with a major drive for equipment sales and built a better presence in this important growth market.

There is considerable potential to use the now fully integrated EBOS Australia as the platform for future growth, both generic and via acquisitions. Our trans-tasman presence is increasingly important to the overall Group.

New Zealand

The EBOS New Zealand sales and marketing business delivered improved earnings.

Primary Care

This business unit operates in a sector of the economy that has been relatively insulated from the recession and is one of our top performing units. Inventories have been reduced by 40%. Improved margins and stock-turns have been achieved on cleaner stock levels and resources are being channelled into growth areas.

Hospitals

With District Health Board downwards pressure on pricing making margins acutely tight, and no further savings able to be made, this business unit is continuing to adapt.

As a result EBOS intends to focus more on clinical specialty areas such as – Medical Equipment, Infection Control and Anaesthesia/Critical Care – to which we dedicate a number of sales specialists and account managers.

EBOS is also seeking new products relevant to a broader range of specialty areas including surgery specialties, cardiology and radiology.

Aged Care/Rehabilitation

This business unit achieved a further record result in a market sector facing huge cost pressures. Very good partnerships with large retirement village groups have been established through our experienced marketing and sales team offering a complete supply solution and adding value.

While the level of equipment sales in the second half reflected the financial downturn and lowered capital expenditure, new supply contracts for rehabilitation products supported ongoing growth.

This sector will continue to grow as demographics drive demand.



Consumer

Another excellent year for our retail healthcare business despite a tough retail sector. With consumers concentrating the spending on essential items for short-term use we broadened our market position across pharmacy, grocery, and other retail channels and won market share. All of our leading brands achieved growth.

Pacific Islands

Our Pacific Islands business continues to grow with expansion into radiology and scientific markets. We forecast ongoing growth and investment as many Pacific nations face up to their critical need to invest more in healthcare. EBOS is an important and proven solution partner for them.

Scientific Australia and New Zealand

After a slow start a positive result was recorded for our Scientific portfolio of businesses. The Scientific businesses encountered weaker trading conditions during the first half of the year with a slowing in equipment sales caused by lower levels of capital expenditure.

Customers also withheld expenditure due to uncertainty over future funding levels.

The global financial crisis led to a sharp decline in production rates for minerals from the Australian resource sector and reduced requirements for assays and laboratory consumables.

The Scientific group has adapted to this by maximising opportunities to broaden the business base into defensive sectors such as the food industry.

We anticipated a cyclical industry downturn when we acquired Crown Scientific Pty Ltd which is an Australia wide distributor of scientific consumables and equipment.

There are early signs of confidence returning in the Australian private sector where EBOS companies are leading suppliers of scientific equipment and consumables.

Key groups in Australia have announced additional funding for life sciences and medical research institutes and the Science sector has benefited from Federal Government stimulus programmes. Several new research institutes being established should represent good opportunities for the Australian Scientific group. However, trading conditions in Australia are likely to remain subdued for the first part of the current year.

In New Zealand the performance of our Scientific business improved in quiet trading conditions; however, new business opportunities remain scarce.

The newly integrated Med-Bio Ltd, a supplier in New Zealand of consumables and clinical diagnostic equipment to public and private pathology laboratories, performed well in a very competitive market.

Managing Director's review continued

Logistics and Wholesale

Our major wholesale/logistics businesses based in New Zealand benefited from strict cost reduction and containment measures and remain competitive in their markets, achieving revenue and profit growth as a result.

Healthcare Logistics consolidated its market leadership in out-sourced warehousing and logistics to multinational manufacturers of pharmaceuticals, medical devices and healthcare products on a full service brand-neutral basis. It expanded managed warehousing space by 3,000 sqm to 11,500 sqm to meet increased demand for streamlined logistics services.

We took a further step forward in our services provided to pharmaceuticals and healthcare product manufacturers.

The range of services includes customer services, pick-pack-despatch and debtor management, essentially offering the efficiencies of a 'virtual organisation' in New Zealand.

Since June 2009, we have commenced distribution into the consumer sector for additional substantial logistics customers which is a bright start to the current year.

Health Support again provided an effective bridge between manufacturers and the public and private healthcare sector. The soundness of this business model for DHB's has led to significant volume growth and cost savings for customers. Further progress was made in the logistics partnership with Southern Cross Healthcare where we are supplying the organisation's hospitals in New Zealand.

Influenza H1N1

EBOS Group was designated an essential health sector business when Avian 'Flu raised pandemic fears last year.

The competency and rapid response capability of our Healthcare teams in Australia and New Zealand was further demonstrated following the onset of the Influenza H1N1 ('Swine 'flu') pandemic in 2008-09.

When H1N1 emerged we readily topped up essential stocks of pharmaceuticals, gloves and masks held by critical health services.

EBOS also replenished required medicines, masks and hand sanitisers through pharmacy and grocery channels to meet general demand for preventative products.

In response to increased awareness of infection risk EBOS will expand the level of group activities dedicated

to infection prevention, based on a products range (masks, gloves, sanitisers, gowns and drapes, waste disposal equipment) for the professional health market.

The formation of a new business unit in Australia to focus on infection prevention from 1 July 2009 is expected to generate positive cash flow from 2010. EBOS Australia has led the way with the penetration of aged care and hospitals markets by our infection control and waste disposal equipment range.

In New Zealand EBOS Healthcare will align with District Health Boards, Primary Health Organisations, industrial sector groups and retailers to provide infection prevention. However, New Zealand compliance standards in this field lag those of Australia.





Managing Director's review continued



Our pharmacy wholesale business continued to grow by improving its service KPIs and working capital management over the year in a sector where top-line volume felt the effects of price reductions. This trend continues and will be mitigated by ongoing cost controls and ProPharma's market share in pharmacy. Underlying volume demand for prescription products and core over-the-counter cough, colds, pain, and allergy ranges remained strong despite the recession.

However, we believe that future growth prospects lie in the area of providing services to District Health Boards. Changes foreshadowed in national supply arrangements may offer opportunities for growth.

Our wholesale operations continue to invest in systems improvements via technology to ensure our pharmacy and DHB customers are well serviced.

Supply contracts with DHBs have operated well and provide greater efficiency and cost savings for customers. We have consolidated our business in non-DHB markets such as leading private hospitals and customers in regional secondary care.





Health Sector Review

Since the end of our financial year, a committee headed by former Treasury Secretary Murray Horn has recommended to Government the creation of a National Health Board.

We will closely monitor any Government review of the District Health Board system that might now arise, particularly given our many 'touch-points' in the health sector and our ability to efficiently interface with hospital markets.

We believe that the available EBOS business models offer a unique proposition to meet health sector needs. Our Logistics and Wholesale businesses are successfully contributing to health sector efficiencies in both private hospitals and the state sector.

The Future

If we can emulate the success of the last decade our future should be exciting. We have come through the worst of the recessionary cycle and shown our resilience and reliability.

Our ongoing growth is a tribute to our staff in all areas of the business who step forward every day to give their best effort. The tremendous operational momentum that underpins the ongoing success of the group owes a great deal to all of our staff and their support in accepting change. Over the past two years EBOS Group has more than simply grown bigger – it has also greatly improved the processes within the business.

Australia and New Zealand are well-positioned to come out of the down-cycle in reasonable shape and the economic crisis is stimulating more rapid change in the way we interrelate as nations.

At corporate level, EBOS now operates as "Two Countries, One Group" with knowledge sharing between management teams located in each country, joint initiatives in pursuit of business opportunities, and integrated financial management.

The group will continue to drive operational efficiencies and closely manage costs and cash flows to ensure we remain competitive for customers and produce the best possible routes to market for suppliers.

Our current conservative gearing levels provide the maximum ability to consider further growth initiatives.

Put simply, we are still in growth mode.

Mark Waller
Managing Director



Board of Directors

RICK CHRISTIE MSC (HONS), FNZID, FNZIM (67) (Chairman)

Joined the EBOS Group Ltd Board in June 2000, and appointed chairman in April 2003. Member of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee. Mr Rick Christie is a professional director with a breadth of governance and management experience in the oil and petrol-chemical industries. Former chief executive of the diversified investment company Rangatira Ltd, a former managing director of Cable Price Downer and former chief executive of Trade New Zealand. He is the chairman of Argenta Ltd, and Health Support Ltd and a director of the Growth & Innovation Advisory Board, Tourism Holdings Ltd, Wakefield Health Ltd and the NZ Pork Industry Board. Previously chairman of AgResearch Ltd, deputy chairman of the Foundation for Research, Science & Technology and chairman of the Victoria University Foundation Board of Trustees. He is also a Fellow of the Royal Society of Arts, Manufacturers and Commerce in London. He is a former director of Television New Zealand and the New Zealand Symphony Orchestra and a past president of Chamber Music New Zealand.

MARK WALLER BCOM, ACA, FNZIM (55) (Chief Executive and Managing Director)

Mark Waller has been chief executive officer and managing director of EBOS Group Ltd since 1987. He is a member of the Remuneration Committee. He is a director of Global Science & Technology Ltd, Health Support Ltd, EBOS Group Pty Ltd, EBOS Health & Science Pty Ltd, Healthcare Distributors Pty Ltd, PRNZ Ltd and its associated companies, Quantum Scientific Pty Ltd, Vital Medical Supplies (Australia) Pty Ltd and Scott Technology Ltd.

PETER KRAUS MA (HONS), DIP ENG (58) (Deputy Chairman)

Peter Kraus is an Auckland businessman who has been a director of EBOS Group Ltd since 1990. He is a member of the Nomination Committee. He is a director of Whyte Adder No.3 Ltd, Strand Holdings Ltd, Strand Management Ltd, Herpa Properties Ltd, Health Support Ltd, Ecostore Company Ltd, Oceania Attractions Ltd, ISL International Ltd, Hapimana Properties Ltd and Huckleberry Farms Ltd and Trustee of the Perpanida Trust and The Annalise Trust.

ELIZABETH COUTTS BMS, CA (50)

Appointed to the EBOS Group Ltd Board July 2003. She is a member of the Audit and Risk Committee and the Nomination Committee. Elizabeth Coutts is a professional director. She is a former, Chairman of Meritec Group, Chairman of Industrial Research, and Life Pharmacy Ltd, director of Air New Zealand Ltd, the Health Funding Authority and Trust Bank New Zealand, former deputy chairman of Public Trust, board member of Sport and Recreation NZ, member of the Pharmaceutical Management Agency (Pharmac), commissioner for both the Commerce and Earthquake Commissions and former external monetary policy adviser to the Governor of the Reserve Bank of New Zealand and chief executive of the Caxton Group of Companies and Carter building supply group. Her current directorships include chair of Urwin & Co Ltd, chair of the Audit, Finance and Risk Committee of the Ministry of Health, director of Ravensdown Fertiliser Co-operative Ltd and Skellerup Industries Ltd.

PETER MERTON BPharm (47)

Appointed to the EBOS Group Ltd Board 12 September 2007. Peter has worked in the retail, manufacturing, distribution and wholesale areas of the pharmacy industry in New Zealand, Asia and Africa since the early eighties. In 1987 he joined Zuellig Pharma in New Zealand where he worked for the Zuellig group and then API until 2005. From 1997 through 2008 he was chief executive officer of PRNZ Ltd. He is a director of Pharmacy Brands Ltd, Cape Healthcare Ltd, Pharmacy Events Ltd, and Trustee of Pentz Trust.

SARAH OTTREY BCOM (44)

Appointed to the EBOS Group Ltd Board 18 September 2006. Sarah is a marketing specialist advising various high profile clients and is a Strategic Marketing Consultant to DB Dominion Breweries Ltd. She is a past board member of the Public Trust. Sarah has held senior marketing management positions with Unilever and DB Breweries.

MARK STEWART BCOM (46)

Appointed to the EBOS Group Ltd Board 8 September 2008. Mark commenced working for the PDL Group of Companies in 1983. From 1987 to 2001 he held senior executive roles and had directorship responsibilities, for a number of companies in the PDL Group and was Managing Director of MasterTrade Group Ltd from July 1991 until October 1994, gaining experience in manufacturing, sales and marketing in the Asian and Australasian markets.

Since October 2001 he has been Managing Director of Masthead Ltd, the private investment vehicle of the Stewart Family. He is a director of Masthead Holdings Ltd, Masthead Ltd, Masthead Services Ltd, Masthead Investments Ltd, Masthead Portfolios Ltd, Masthead Management Ltd, Windwhistle Holdings Ltd, Forwood Forestry Ltd, Southern Excursions Ltd, Stravon Safaries Ltd, Twinmark Investments Ltd (in liq.), Python Portfolios Ltd, Woodbent Hill Ltd, Laindon Ltd, Andos Holdings Ltd, Anaconda Ltd, Proteus Group Holdings Ltd, Medusa Ltd, Lesley Hills Holdings Ltd, and Newco No1 Ltd and a alternate director of Wakefield Health Ltd.

BARRY WALLACE MCOM (HONS), CA (56)

Appointed to the EBOS Group Ltd Board October 2001. He is chairman of the Audit and Risk Committee and member of the Remuneration Committee. Barry Wallace is a chartered accountant with a background in financial management with companies such as Rank Xerox New Zealand Ltd and David Reid Electronics. He is a former chief executive of Health Support Ltd. He is the financial manager for a private group of companies. He is a director of Whyte Adder No.3 Ltd, Strand Holdings Ltd, Strand Management Ltd, Herpa Properties Ltd, Health Support Ltd, Global Science & Technology Ltd, PRNZ Ltd and its associated companies, Ecostore Company Ltd, Eco Tech Solutions Ltd, Oceania Attractions Ltd, ISL International Ltd, Hapimana Properties Ltd, Huckleberry Farms Ltd and Allum Management Services Ltd and a Trustee of The Perpanida Trust and The Annalise Trust.

The above named Directors held office during the year and since the end of the financial year except for Mark Stewart who was appointed on 8 September 2008.



Corporate Governance Statement

The Board and management of EBOS Group Ltd 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. These are set out in the Company's Corporate Governance Code, the full content of which can be found on the Company's website (www.ebos.co.nz). The Board considers that the Company's Corporate Governance policies, practices and procedures substantially comply with the New Zealand Exchange Corporate Governance Best Practice Code.

Code of Ethics

The EBOS 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.

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/ Managing Director and his management team.

Board composition

The Board is elected by the shareholders of EBOS Group Ltd. At each annual meeting at least one third of the directors retire by rotation. The Board currently comprises the following non-executive directors: Chairman, Rick Christie; Peter Kraus; Elizabeth Coutts; Peter Merton (who resigned as Chief Executive of PRNZ Ltd on 31 December 2008); Sarah Ottrey, Mark Stewart and Barry Wallace. It has one executive director Mark Waller, Chief Executive Officer/ Managing Director. Rick Christie, Elizabeth Coutts and Sarah Ottrey have been determined as Independent Directors, (as defined under the NZX Listing Rules and the EBOS Group Ltd Corporate Governance Code).

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.

Audit and Risk Committee

The Audit and Risk Committee provides the Board with assistance in fulfilling their responsibility 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.

Remuneration Committee

The Remuneration Committee provides the Board with assistance in establishing relevant remuneration policies and practices for directors, executives and employees. Members of the Remuneration Committee are Rick Christie (Chairman), Barry Wallace and Mark Waller.

A photograph of two women with short blonde hair, wearing blue medical scrubs, looking down at documents on a desk in a laboratory or clinical setting. In the background, there are medical monitors and equipment.

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 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.

Board processes

The table on page 20 shows attendances at the board and committee meetings during the year ended 30 June 2009.

Share trading by Directors and Officers

The Company has formal procedures that directors and officers must follow when trading EBOS shares. They must notify and obtain the consent of the Board prior to any trading. All trading must be conducted within two prescribed trading windows. These periods commence from the date on which the annual result and half-yearly results are announced and conclude on the following 30 November and 30 April respectively.

Shareholder participation

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders in the Annual Report and the Interim Report. The Board has adopted a policy of Continuous Disclosures that complies with the NZX Listing Rules. The Board encourages full participation of shareholders at the Annual Meeting to ensure a high level of accountability and identification with the Group's strategies and goals. Investors can obtain information on the company from its website (www.ebos.co.nz). The site contains recent NZX announcements and reports.



Directors' Report

Your Directors are pleased to submit to shareholders their report and financial statements for the year ended 30 June 2009.

Principal activities

EBOS Group Limited (the Company) is listed on the NZX board of the New Zealand Exchange (NZX) under the securities code EBO. EBOS Group is the largest New Zealand owned independent national distributor and marketer of medical, and scientific supplies in New Zealand. Significant business operations are also conducted in Australia, Papua New Guinea and the Pacific. The company markets world class healthcare and scientific brands sourced from leading international manufacturers.

EBOS operates in two key business segments being Healthcare and Scientific

- Healthcare incorporates the sales and marketing of healthcare products to a wide range of sectors and the provision of wholesale distribution services of health sector consumables, pharmaceuticals and 'over-the-counter' products, and
- Scientific incorporates the sale and marketing of laboratory consumables, life sciences equipment and the provision of technical support to industry and research laboratories.

Issued capital

As at 30 June 2009 the Company had on issue 48,980,799 ordinary fully paid shares, with 1,958,958 shares issued during the year.

Group results

Annual group operating revenue was NZ\$1,345m in the year ended 30 June 2009 (2008 \$1,092m). Operating profit before finance costs and tax of NZ\$34.7m (2008 \$30.9m) was earned for the year ended 30 June 2009. The net profit for the period after interest and tax was NZ\$19.7m (2008 \$16.6m). Earnings per share were 41.1 cents (2008 37.6 cents).

Operating cash flow of \$33.3m (2008 \$28.5m) was generated in the year.

Distribution

The Directors approved a final distribution of 14.5 cents per share making a total of 25 cents per share for the year (2008 23 cents per share). Bonus shares under the Distribution Plan will be issued on 2 October 2009.

Directors

Sarah Ottrey, Peter Kraus and Barry Wallace retire by rotation in accordance with the Company's constitution and being eligible offer themselves for re-election.

Directors' interests

Share dealings by Directors

The Directors tabled on page 14 have disclosed to the Board under section 148(2) of the Companies Act 1993 particulars of acquisitions or dispositions of relevant interests in ordinary shares during the year – refer table on page 19.

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 Argenta Ltd, and Health Support Ltd, and Director of Growth & Innovation Advisory Board, Tourism Holdings Ltd, Wakefield Health Ltd and NZ Pork Industry Board.

P.F. Kraus: Director of Whyte Adder No.3 Ltd, Strand Holdings Ltd, Strand Management Ltd, Herpa Properties Ltd, Health Support Ltd, Ecostore Company Ltd, Oceania Attractions Ltd, ISL International Ltd, Hapimana Properties Ltd and Huckleberry Farms Ltd and Trustee of the Perpanida Trust and the Annalise Trust.

E.M. Coutts: Chair of Urwin & Co Ltd, Chair Audit, Finance and Risk Committee of the Ministry of Health, and Director Ravensdown Fertiliser Co-operative Ltd, and Skellerup Industries Ltd.

P.M. Merton: Director of Pharmacy Brands Ltd, Cape Healthcare Ltd, Pharmacy Events Ltd, and Trustee of Pentz Trust.

S.C. Ottrey: Strategic Marketing Consultant to DB Dominion Breweries Ltd.

M.J. Stewart: Director of Masthead Holdings Ltd, Masthead Ltd, Masthead Services Ltd, Masthead Investments Ltd, Masthead Portfolios Ltd, Masthead Management Ltd, Windwhistle Holdings Ltd, Forwood Forestry Ltd, Southern Excursions Ltd, Stravon Safaries Ltd, Twinmark Investments Ltd (in Liq.), Python Portfolios Ltd, Woodbent Hill Ltd, Laindon Ltd, Andos Holdings Ltd, Anaconda Ltd, Proteus Group Holdings Ltd, Medusa Ltd, Lesley Hills Holdings Ltd, and Newco No1 Ltd.

Alternate Director of Wakefield Health Limited.

B.J. Wallace: Director of Allum Management Services Ltd, Global Science and Technology Ltd, Health Support Ltd, PRNZ Ltd and its associated companies, Whyte Adder No.3 Ltd, Strand Holdings Ltd, Strand Management Ltd, Herpa Properties Ltd, Ecostore Company Ltd, Eco Tech Solutions Ltd, Oceania Attractions Ltd, ISL International Ltd, Hapimana Properties Ltd and Huckleberry Farms Ltd and Trustee of the Perpanida Trust and The Annalise Trust.

M.B. Waller: Director of Global Science and Technology Ltd, Health Support Ltd, EBOS Health & Science Pty Ltd, EBOS Group Pty Ltd, Healthcare Distributors Pty Ltd, PRNZ Ltd and its associated companies, Quantum Scientific Pty Ltd, Scott Technology Ltd, and Vital Medical Supplies (Australia) Pty Ltd.

Directors' Report & Disclosures

Use of Company information

During the year the Board received 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 – All non beneficially held	1,654	\$7,195	October 2008
	1,694	\$7,948	April 2009
Issue of restricted staff shares	43,550	\$108,875	March 2009
Maturing staff shares	(26,152)	Nil	Sept 08-Mar 2009
E M Coutts – Held by associated persons	447	\$1,944	October 2008
	297	\$1,393	April 2009
P F Kraus	1,000	Nil	April 2009
P F Kraus – Held by associated persons	102,789	\$447,132	October 2008
	19,439	\$84,560	October 2008
	76,474	\$358,800	April 2009
	14,463	\$67,831	April 2009
S C Ottrey – Held by associated persons	4,500	\$18,450	October 2008
	90	\$422	April 2009
P M Merton	47,479	\$206,534	October 2008
	35,324	\$165,733	April 2009
M J Stewart – Non beneficially held	145,294	\$632,029	October 2008
Director of Python Portfolios Ltd	108,097	\$507,169	April 2009
M B Waller – Held by associated persons	569	\$2,475	October 2008
	424	\$1,988	April 2009
Non beneficially held	1,654	\$7,195	October 2008
Issue of restricted staff shares	43,550	\$108,875	March 2009
Maturing staff shares	(26,152)	Nil	Sept 08-Mar 2009
	1,694	\$7,948	April 2009
B.J. Wallace			
Non beneficially held – Director of Whyte	102,789	\$447,132	October 2008
Adder No.3 Ltd	76,474	\$358,801	April 2009
Director of Herpa	19,439	\$84,560	October 2008
Properties Ltd	14,463	\$67,831	April 2009



Directors' Report continued

Directors' Report & Disclosures

Use of Company information continued

Directors' shareholdings

Number of fully paid shares held as at	30 June 2009	30 June 2008
E M Coutts	3,000	3,000
– Held by associated persons	15,152	14,408
R G M Christie	170,976	150,230
– Non beneficially held – Staff share purchase scheme		
P F Kraus	1,000	Nil
– Held by associated persons	4,154,297	3,941,132
P M Merton	1,613,725	1,530,922
– Held by associated persons	4,590	Nil
S C Ottrey	4,938,268	4,684,877
M J Stewart		
– Non beneficially held – Director of Python Portfolios Ltd		
B J Wallace	4,154,297	3,941,132
– Non beneficially held – Director of Whyte Adder No.3 Ltd/ Herpa Properties Ltd		
M B Waller	404,957	405,957
– Held by associated persons	19,255	18,262
– Non beneficially held – Staff share purchase scheme	170,976	150,230

Attendance

	Board		Audit & Risk Committee		Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
R Christie	10	10	3	3	1	1
P Kraus	10	10	–	–	–	–
E Coutts	10	10	3	3	–	–
P Merton	10	10	–	–	–	–
S Ottrey	10	9	–	–	–	–
M Stewart	9	6	–	–	–	–
B Wallace	10	10	3	3	1	1
M Waller	10	10	3	3	1	1

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 which 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 2009 were as follows:

	2009	2008
EBOS GROUP LIMITED		
R.G.M. Christie	\$106,000	\$104,800
P.F. Kraus	\$75,000	\$74,100
E.M. Coutts	\$53,000	\$52,400
P. Merton (\$163,087 Salary & Other Benefits)	\$25,000	\$287,325
M.J. Stewart	\$40,625	–
S.C. Ottrey	\$50,000	\$49,400
B.J. Wallace	\$56,000	\$55,000
M.B. Waller		
(Chief Executive Officer and Managing Director)		
	Salary	\$218,200
	* Other benefits	\$829,000
*Includes performance bonus and other emoluments		
GLOBAL SCIENCE & TECHNOLOGY LIMITED		
B.J. Wallace	Nil	\$10,000
HEALTH SUPPORT LIMITED		
R.G.M. Christie	Nil	\$8,750
P.F. Kraus	Nil	\$5,000
B.J. Wallace	Nil	\$5,000

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

Remuneration (NZ\$)	Number of Employees	
	2009	2008
100,000 – 110,000	18	13
110,000 – 120,000	11	10
120,000 – 130,000	14	6
130,000 – 140,000	6	8
140,000 – 150,000	12	4
150,000 – 160,000	5	–
160,000 – 170,000	1	4
170,000 – 180,000	1	–
180,000 – 190,000	–	4
190,000 – 200,000	2	–
200,000 – 210,000	1	2
220,000 – 230,000	1	–
230,000 – 240,000	2	4
240,000 – 250,000	1	1
250,000 – 260,000	1	–
260,000 – 270,000	2	–
270,000 – 280,000	–	1
300,000 – 310,000	–	1
400,000 – 410,000	–	1
440,000 – 450,000	1	–
500,000 – 510,000	1	–

Auditors

The Company's Auditors, 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 auditors are outlined in note 5 to the financial statements.



R.G.M. Christie
Chairman
20 August 2009



M.B. Waller
Managing Director

EBOS Group Limited Financial Report

For the financial year ended 30 June, 2009

EBOS Group Limited Directors' Responsibility Statement

The Directors of EBOS Group Limited are pleased to present to shareholders the financial statements for EBOS Group and its controlled entities (together the "group") for the year to 30 June 2009.

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 company and the group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date.

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

The Directors believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the company and group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the company and the group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be 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
Chief Executive Officer and Managing Director

20 August 2009

**AUDIT REPORT
TO THE SHAREHOLDERS OF
EBOS GROUP LIMITED**

We have audited the financial statements on pages 24 to 67. The financial statements provide information about the past financial performance and financial position of EBOS Group Limited and group as at 30 June 2009. This information is stated in accordance with the accounting policies set out on pages 28 to 35.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of EBOS Group Limited and group as at 30 June 2009 and of the results of operations and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the company and group circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor and the provision of information technology and due diligence advisory services we have no relationship with or interests in EBOS Group Limited or any of its subsidiaries.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by EBOS Group Limited as far as appears from our examination of those records; and
- the financial statements on pages 24 to 67:
 - comply with generally accepted accounting practice in New Zealand;
 - comply with International Financial Reporting Standards; and
 - give a true and fair view of the financial position of EBOS Group Limited and group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 20 August 2009 and our unqualified opinion is expressed as at that date.



Chartered Accountants
CHRISTCHURCH, NEW ZEALAND.

This audit report relates to the financial statements of EBOS Group Limited for the year ended 30 June 2009 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 EBOS Group Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/ from these 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 financial statements and related audit report dated 20 August 2009 to confirm the information included in the audited 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.

Income Statement

For the Financial Year ended 30 June, 2009

	Notes	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Revenue	2 (a)	1,344,946	1,092,020	78,519	69,851
Profit before depreciation, amortisation, finance costs and income tax expense		38,711	33,634	13,811	8,171
Depreciation	2 (b)	(3,364)	(2,620)	(446)	(316)
Amortisation of finite life intangibles	2 (b)	(644)	(137)	-	-
Profit before finance costs and tax		34,703	30,877	13,365	7,855
Finance costs	2 (b)	(7,926)	(8,334)	(4,687)	(4,591)
Profit before income tax expense	2 (b)	26,777	22,543	8,678	3,264
Income tax (expense)/credit	3	(7,050)	(5,880)	1,395	31
Profit for the period		19,727	16,663	10,073	3,295
Earnings per share:					
Basic (cents per share)	25	41.1	37.6		
Diluted (cents per share)	25	41.1	37.6		

	Notes	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Current assets					
Cash and cash equivalents		33,609	16,136	1,845	121
Trade and other receivables	6	150,720	150,426	10,430	8,572
Prepayments	7	2,203	2,789	1,018	47
Inventories	8	127,380	126,704	9,100	14,131
Current tax refundable	3	562	3,428	23	1,316
Other financial assets - derivatives	9	-	130	-	-
Advances to subsidiaries		-	-	11,878	12,298
Finance leases		108	108	108	108
Total current assets		314,582	299,721	34,402	36,593
Non-current assets					
Property, plant and equipment	10	19,444	22,103	4,386	4,352
Capital work in progress	11	-	916	-	-
Finance leases		57	115	57	115
Prepayments	7	856	1,176	-	-
Deferred tax assets	3	6,540	3,992	2,433	527
Goodwill	12	133,915	133,062	1,728	1,728
Indefinite life intangibles	13	23,730	23,756	4,960	4,960
Finite life intangibles	14	709	1,353	-	-
Shares in subsidiaries	15	-	-	128,630	128,630
Total non-current assets		185,251	186,473	142,194	140,312
Total assets		499,833	486,194	176,596	176,905
Current liabilities					
Bank overdraft	16	3	277	3	16
Trade and other payables	17	239,457	233,039	7,376	6,907
Finance leases	16, 18	551	225	27	27
Bank loans	16	2,250	82,971	1,000	48,100
Current tax payable	3	3,678	1,886	-	-
Employee benefits		4,767	3,984	1,612	1,383
Other financial liabilities - derivatives	19	3,550	387	2,691	384
Advances from subsidiaries	16	-	-	5,072	5,512
Total current liabilities		254,256	322,769	17,781	62,329
Non-current liabilities					
Bank loans	16	70,000	1,250	38,000	-
Trade and other payables	17	4,936	5,318	-	-
Deferred tax liabilities	3	7,612	7,796	1,488	1,488
Finance leases	16, 18	186	890	20	47
Employee benefits		804	867	-	-
Total non-current liabilities		83,538	16,121	39,508	1,535
Total liabilities		337,794	338,890	57,289	63,864
Net assets		162,039	147,304	119,307	113,041
Equity					
Share capital	20	105,861	105,752	105,861	105,752
Foreign currency translation reserve	21	1,586	2,044	-	-
Retained earnings	21	56,555	39,645	14,810	7,554
Cash flow hedge reserve	21	(1,963)	(137)	(1,364)	(265)
Total equity		162,039	147,304	119,307	113,041

Statement of Changes in Equity

For the Financial Year ended 30 June, 2009

	Notes	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Equity at start of period		147,304	92,195	113,041	73,957
Profit for the period		19,727	16,663	10,073	3,295
Movement in foreign currency translation reserve	21	(458)	2,529	-	-
Cash flow hedges (loss) taken to equity	21	(2,555)	(250)	(1,570)	(378)
Related income tax	21	729	113	471	113
Total recognised income and expenses		17,443	19,055	8,974	3,030
Dividends paid to company shareholders	22	(2,817)	(6,548)	(2,817)	(6,548)
Shares issued	20	109	42,602	109	42,602
Equity at end of period		162,039	147,304	119,307	113,041

EBOS Group Limited
Cash Flow Statement
For the Financial Year ended 30 June, 2009

	Notes	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Cash flows from operating activities					
Receipts from customers		1,343,550	1,086,298	64,679	65,532
Interest received		878	234	688	1,069
Dividends received from subsidiaries		-	-	11,350	-
Payments to suppliers and employees		(1,298,807)	(1,041,501)	(59,272)	(58,783)
Taxes paid		(4,385)	(8,151)	1,254	(879)
Interest paid		(7,926)	(8,334)	(4,687)	(4,591)
Net cash inflow from operating activities	24c	33,310	28,546	14,012	2,348
Cash flows from investing activities					
Sale of property, plant & equipment		2,969	295	156	4
Advances from subsidiaries		-	-	-	8,185
Purchase of property, plant & equipment		(1,867)	(6,315)	(602)	(3,710)
Payments for capital work in progress		(916)	(150)	-	-
Advances to subsidiaries		-	-	(21)	(6,398)
Businesses acquired	24a	(1,452)	(86,968)	-	(72,315)
Investment in subsidiary company		-	-	-	(2,264)
Net cash (outflow) from investing activities		(1,266)	(93,138)	(467)	(76,498)
Cash flows from financing activities					
Proceeds from issue of shares		109	29,382	109	29,382
Payment of share issue costs		-	(1,031)	-	(1,031)
Proceeds from borrowings		-	59,793	-	48,100
Repayment of borrowings		(11,600)	(2,500)	(9,100)	-
Dividends paid to equity holders of parent	22	(2,817)	(6,548)	(2,817)	(6,548)
Subvention income from subsidiaries		-	-	-	4,501
Net cash inflow/(outflow) from financing activities		(14,308)	79,096	(11,808)	74,404
Net increase in cash held		17,736	14,504	1,737	254
Effect of exchange rate fluctuations on cash held		11	218	-	-
Net cash and cash equivalents at beginning of the year		15,859	1,137	105	(149)
Net cash and cash equivalents at the end of the year		33,606	15,859	1,842	105
Cash and cash equivalents		33,609	16,136	1,845	121
Bank overdrafts		(3)	(277)	(3)	(16)
		33,606	15,859	1,842	105

EBOS Group Limited

Notes to the Financial Statements

For the Financial Year ended 30 June, 2009

1. SUMMARY OF ACCOUNTING POLICIES

1.1 Statement of Compliance

EBOS Group Ltd (“the Company”) is a profit-oriented company incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Exchange.

The company operates in two business segments, being Healthcare and Scientific – Healthcare incorporates the sale of healthcare products in a range of sectors, own brands, retail healthcare and wholesale activities, and Scientific incorporates the sale of laboratory consumables, life sciences equipment and technical support to industry and research laboratories.

The Company is a reporting entity and issuer for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

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

The Financial Statements comply with International Financial Reporting Standards (“IFRS”).

1.2 Basis of Preparation

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June, 2009 and the comparative information presented in these financial statements for the year ended 30 June, 2008.

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 ongoing 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 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 cashflows does not match the services provided.

1. SUMMARY OF ACCOUNTING POLICIES cont.

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.

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 – purchase method

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 IAS-27 'Consolidated and Separate 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.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

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.

In the Company's financial statements, investments in subsidiaries are recognised at their cost, less any adjustment for impairment.

b) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable tangible and identifiable intangible assets, liabilities and contingent liabilities of the subsidiary recognised at the time of acquisition of a business or subsidiary. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the groups 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. 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. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1. SUMMARY OF ACCOUNTING POLICIES cont.*c) Indefinite life intangible assets*

Indefinite life intangible assets represent purchased brand names 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 8 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 Vehicles, 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 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 100 years |
| • Leasehold improvements | 2 to 15 years |
| • Plant | 2 to 20 years |
| • Office equipment, furniture and fittings | 2 to 10 years |
| • Motor vehicles | 4 to 5 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.

1. SUMMARY OF ACCOUNTING POLICIES cont.

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 can not 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 income statement because it excludes items of income and expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, 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 (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

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 incident 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 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 the net surplus 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 also spread on a basis representative of the pattern of benefits expected to be derived from the leased asset.

1. SUMMARY OF ACCOUNTING POLICIES cont.*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 and 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 Income Statement for the period.

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

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

m) Financial Instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

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.

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 rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the 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.

1. SUMMARY OF ACCOUNTING POLICIES cont.

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:

Other Financial Liabilities

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate 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 rate 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 cashflow hedges of highly probable forecast transactions.

Cashflow Hedges

At the inception of the hedge relationship, the entity 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 ongoing basis, the group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cashflows of the hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges are deferred in equity. 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 and liability.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires, 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. The following specific recognition criteria must be met before revenue is recognised:

1. SUMMARY OF ACCOUNTING POLICIES cont.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 can be measured reliably 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 accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Effective Interest Method

The effective interest rate 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.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying agreement.

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 company and group and those activities relating to the cost of servicing the company's and the group's equity capital.

p) Employee entitlements

A liability for annual leave and long service leave is accrued and recognised in the statement of financial position. 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 made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

1. SUMMARY OF ACCOUNTING POLICIES cont.

q) *Segment Reporting*

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services in a particular economic environment, where the risks and returns are different from those of segments operating in other economic environments.

The group's primary reporting format is business segments and its secondary format is geographical.

r) *Non-current assets held for sale and discontinued operations*

Non-current assets (and disposal groups – being a group of assets to be disposed of by sale or otherwise) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

s) *New standards and Interpretations*

The Group and Parent have adopted all new standards as issued by the Financial Reporting Standards Board except for those listed in the table below. Initial application of the following standards will not affect any of the amounts recognised in the financial statements, but may change the disclosures presently made in relation to the Group and Parent's financial statements:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the year ending
NZ IFRS 3 Business Combinations	1 July 2009	30 June 2010
NZ IFRS 7 Financial Instruments : Disclosure (revised standard)	1 January 2009	30 June 2010
NZ IFRS 8 Operating Segments	1 January 2009	30 June 2010
NZ IAS 1 Presentation of Financial Statements (revised standard)	1 January 2009	30 June 2010
NZ IAS 23 Borrowing Costs (revised standard)	1 January 2009	30 June 2010
NZ IAS 27 Consolidated and Separate Financial Statements (revised standard)	1 July 2009	30 June 2010
NZ IFRIC 17 Distributions of Non Cash Assets to owners	1 July 2009	30 June 2010

There were no changes to accounting policies during the year.

2. PROFIT FROM OPERATIONS

	Notes	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
(a) Revenue					
Revenue consisted of the following items:					
Revenue from the sale of goods - external		1,334,458	1,083,068	56,192	55,432
Revenue from the sale of goods - inter group		-	-	9,441	7,923
Revenue from the rendering of services		6,469	6,101	-	-
Management fees - external		2,638	2,232	-	-
Management fees - inter group		-	-	483	631
Interest revenue - inter group		-	-	513	920
Interest revenue - other		878	234	175	148
Royalty income - inter group		-	-	365	296
Dividends - inter group		-	-	11,350	-
Subvention income - inter group		-	-	-	4,501
Other revenue		503	385	-	-
		1,344,946	1,092,020	78,519	69,851
(b) Profit before income tax expense					
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from operations:					
Gain/(loss) on disposal of property, plant and equipment		301	(63)	61	(8)
Change in fair value of derivative financial instruments		(736)	75	(736)	88
Profit before income tax has been arrived at after charging the following expenses by nature:					
Cost of sales - external		(1,192,969)	(962,491)	(42,120)	(41,068)
Purchases inter group		-	-	(2,346)	(1,891)
Write-down of inventory		(2,097)	(878)	(940)	(444)
Finance costs:					
Bank interest		(7,371)	(7,667)	(4,571)	(4,584)
Other interest expense		(555)	(667)	(116)	(7)
Total finance costs		(7,926)	(8,334)	(4,687)	(4,591)
Net bad and doubtful debts arising from:					
Impairment loss on trade & other receivables		(549)	(40)	(6)	(2)
Depreciation of property, plant and equipment	10	(3,364)	(2,620)	(446)	(316)
Amortisation of finite life intangibles	14	(644)	(137)	-	-
Operating lease rental expenses:					
Minimum lease payments		(7,029)	(6,176)	(835)	(890)
Donations		(42)	(50)	(7)	(5)
Employee benefit expense		(59,762)	(52,548)	(9,704)	(8,964)
Other expenses		(43,352)	(36,215)	(8,075)	(8,496)
Total expenses		(1,317,734)	(1,069,489)	(69,166)	(66,667)
Profit before income tax expense		26,777	22,543	8,678	3,264

3. INCOME TAXES

	Notes	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
(a) Income tax recognised in income statement					
Tax expense/(credit) comprises:					
Current tax expense/(credit):					
Current year		8,998	5,891	-	-
Adjustments for prior years		(10)	21	3	(26)
Other adjustments		65	30	36	30
		9,053	5,942	39	4
Deferred tax (credit)/expense:					
Origination and reversal of temporary differences		(2,024)	(25)	(1,408)	(96)
Adjustments for prior years		21	2	(26)	20
Adjustments related to changes in tax rates or imposition of new taxes		-	(39)	-	41
		(2,003)	(62)	(1,434)	(35)
Total income tax expense /(credit)		7,050	5,880	(1,395)	(31)
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:					
Profit before income tax expense		26,777	22,543	8,678	3,264
Income tax expense calculated at 30%/(2008: 33%)		8,033	7,439	2,603	1,077
Non-deductible expenses/(non-assessable income)		(524)	(81)	(3,658)	18
Effect of differences arising from investment interests in other jurisdictions		(353)	(1,203)	(353)	(1,203)
Effect of different tax rates of subsidiaries operating in other jurisdictions		-	(349)	-	-
(Over)/under provision of income tax in previous year		11	23	(23)	(6)
Adjustments related to changes in tax rates		-	(40)	-	41
Other adjustments		(117)	91	36	42
Total income tax expense/(credit)		7,050	5,880	(1,395)	(31)

The tax rates used in the above reconciliation are principally the corporate tax rates of 30% (2009 year) and 33% (2008 year) payable by New Zealand and 30% payable by Australian corporate entities on taxable profits under tax law in each jurisdiction.

3. INCOME TAXES cont

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
(b) Current tax assets and liabilities				
Current tax assets:				
Current tax refundable	562	3,428	23	1,316
Current tax liabilities:				
Current tax payable	3,678	1,886	-	-
(c) Deferred tax balance				
Deferred tax assets comprise:				
Temporary differences	6,540	3,992	2,433	527
Deferred tax liabilities comprise:				
Temporary differences	(7,612)	(7,796)	(1,488)	(1,488)
	(1,072)	(3,804)	945	(961)

Taxable and deductible temporary differences arise from the following:

	Opening balance \$'000	Charged to income \$'000	Group Charged to equity \$'000	Closing balance \$'000
2009				
Gross deferred tax liabilities:				
Property, plant & equipment	(244)	181	-	(63)
Provisions	(18)	-	-	(18)
Intangible assets	(7,534)	3	-	(7,531)
	(7,796)	184	-	(7,612)
Gross deferred tax assets:				
Property, plant & equipment	45	211	-	256
Provisions	2,953	501	-	3,454
Doubtful debts & impairment losses	635	(118)	-	517
Other financial liabilities – derivatives	113	4	729	846
Other	246	1,221	-	1,467
	3,992	1,819	729	6,540

3. INCOME TAXES cont

	Opening balance \$'000	Charged to income \$'000	Group Charged to equity \$'000	Acquisitions \$'000	Closing balance \$'000
2008					
Gross deferred tax liabilities:					
Property, plant & equipment	(72)	8	-	(180)	(244)
Provisions	-	(18)	-	-	(18)
Other financial liabilities – derivatives	(8)	8	-	-	-
Intangible assets	(1,955)	-	-	(5,579)	(7,534)
	(2,035)	(2)	-	(5,759)	(7,796)
Gross deferred tax assets:					
Property, plant & equipment	75	(30)	-	-	45
Provisions	663	128	-	2,162	2,953
Doubtful debts & impairment losses	270	(79)	-	444	635
Other financial liabilities – derivatives	-	-	113	-	113
Other	201	45	-	-	246
	1,209	64	113	2,606	3,992
2009					
Gross deferred tax liabilities:					
Intangible assets		(1,488)	-	-	(1,488)
Gross deferred tax assets:					
Property, plant & equipment		21	(10)	-	11
Provisions		218	119	-	337
Doubtful debts & impairment losses		175	(134)	-	41
Other financial liabilities – derivatives		113	-	472	585
Tax losses carried forward		-	1,459	-	1,459
		527	1,434	472	2,433
2008					
Gross deferred tax liabilities:					
Intangible assets		(1,488)	-	-	(1,488)
Other financial liabilities - derivatives		(7)	7	-	-
		(1,495)	7	-	(1,488)
Gross deferred tax assets:					
Property, plant & equipment		45	(24)	-	21
Provisions		210	8	-	218
Doubtful debts & impairment losses		131	44	-	175
Other financial liabilities – derivatives		-	-	113	113
		386	28	113	527

3. INCOME TAXES cont.

No liability has been recognised in respect of the amount of temporary differences including foreign currency translation reserves associated with undistributed earnings of off-shore subsidiaries because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
(d) Imputation credit account balances				
Balance at beginning of the period	4,808	4,183	(2,628)	(252)
Attached to dividends received	3,064	-	3,064	-
Taxation paid	2,710	3,987	(1,254)	879
Attached to dividends paid	(3,792)	(3,144)	(727)	(3,144)
Other credits	244	72	118	-
Other debits	(2,410)	(290)	(177)	(111)
Balance at end of the period	4,624	4,808	(1,604)	(2,628)
Imputation credits available directly and indirectly to shareholders of the parent company, through				
Parent company	(1,604)	(2,628)		
Subsidiaries	6,228	7,436		
	4,624	4,808		

4. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Short-term employee benefits	4,340	3,732	2,686	2,424
Post-employment benefits	227	178	227	178
	4,567	3,910	2,913	2,602

5. REMUNERATION OF AUDITORS

Auditor of the parent entity (Deloitte)

Audit of the financial statements	403	287	115	100
Audit related services from adoption of NZ IFRS	-	15	-	-
Taxation services	-	12	-	-
Due diligence	-	141	-	141
Information technology services	75	-	75	-
	478	455	190	241

Other Auditors of entities in the group

Audit of the financial statements	-	91	-	-
	-	91	-	-

6. TRADE & OTHER RECEIVABLES

Trade receivables (i)	151,104	149,546	10,475	8,647
Other receivables	750	1,598	93	63
Allowance for impairment (ii)	(1,134)	(718)	(138)	(138)
	150,720	150,426	10,430	8,572

- (i) Trade receivables are non-interest bearing and generally on monthly terms. No interest is charged on the trade receivables for the first 60 days from the date of the invoice. Thereafter, interest may be charged at 3% per annum on the outstanding balance. The Group's ProPharma Pharmacy business unit generally holds collateral over its trade receivables balances.

(ii) Allowance for Impairment

Balance at the beginning of the year	(718)	(235)	(138)	(138)
Arising from businesses acquired	-	(520)	-	-
Impairment loss recognised on trade receivables	(549)	(40)	(7)	(2)
Amounts written off as uncollectible	138	8	7	-
Amounts recovered during year	(5)	-	-	-
Impairment losses reversed	-	69	-	2
	(1,134)	(718)	(138)	(138)

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 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.

Notes to the Financial Statements (continued)

For the Financial Year ended 30 June, 2009

6. TRADE & OTHER RECEIVABLES cont

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
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(iii) Aging of impaired trade and other receivables

90 days+	(1,134)	(718)	(138)	(138)
	(1,134)	(718)	(138)	(138)

(iv) Aging 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 group \$21,855,000 (2008: \$34,429,000) and parent \$3,330,000 (2008: \$2,952,000) which are past due at the reporting date for which the Group and/or parent has not provided any impairment as the amounts are still considered recoverable.

30 - 60 days	14,682	27,743	1,554	1,815
60 - 90 days	3,386	3,067	574	292
90 days+	3,787	3,619	1,202	845
	21,855	34,429	3,330	2,952

7. PREPAYMENTS

Current portion	2,203	2,789	1,018	47
Term portion	856	1,176	-	-
	3,059	3,965	1,018	47

8. INVENTORIES**Finished Goods**

At cost	127,380	126,204	9,100	13,631
At net realisable value	-	500	-	500
	127,380	126,704	9,100	14,131

9. OTHER FINANCIAL ASSETS - DERIVATIVES**At fair value:**

Interest rate swaps (i)	-	130	-	-
	-	130	-	-

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

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land at cost \$'000	Buildings at cost \$'000	Group Leasehold improv. at cost \$'000	Plant and vehicles at cost \$'000	Office equip. furniture & fittings at cost \$'000	Total \$'000
Gross carrying amount						
Balance at 1 July, 2007	1,200	6,178	967	4,454	9,261	22,060
Additions	698	2,757	48	1,007	1,698	6,208
Disposals	-	-	(158)	(587)	(1,196)	(1,941)
Acquisitions through business combinations	1,353	1,091	1,701	2,947	1,047	8,139
Net foreign currency exchange differences	-	-	82	195	229	506
Balance at 30 June, 2008	3,251	10,026	2,640	8,016	11,039	34,972
Additions	-	124	26	1,077	2,078	3,305
Disposals	(1,356)	(1,197)	(599)	(672)	(705)	(4,529)
Acquisitions through business combinations	-	-	3	57	22	82
Net foreign currency exchange differences	-	-	(11)	(39)	(37)	(87)
Balance at 30 June, 2009	1,895	8,953	2,059	8,439	12,397	33,743
Accumulated depreciation						
Balance at 1 July, 2007	-	(1,115)	(392)	(2,649)	(7,379)	(11,535)
Disposals	-	-	103	279	1,233	1,615
Depreciation expense	-	(218)	(366)	(887)	(1,149)	(2,620)
Net foreign currency exchange differences	-	-	(41)	(111)	(177)	(329)
Balance at 30 June, 2008	-	(1,333)	(696)	(3,368)	(7,472)	(12,869)
Disposals	-	141	522	527	697	1,887
Depreciation expense	-	(298)	(393)	(1,143)	(1,530)	(3,364)
Net foreign currency exchange differences	-	-	9	14	24	47
Balance at 30 June, 2009	-	(1,490)	(558)	(3,970)	(8,281)	(14,299)
Net book value						
As at 30 June, 2008	3,251	8,693	1,944	4,648	3,567	22,103
As at 30 June, 2009	1,895	7,463	1,501	4,469	4,116	19,444

10. PROPERTY, PLANT & EQUIPMENT cont.

	Freehold land at cost \$'000	Buildings at cost \$'000	Parent Leasehold improv. at cost \$'000	Plant and vehicles at cost \$'000	Office equip. furniture & fittings at cost \$'000	Total \$'000
Gross carrying amount						
Balance at 1 July, 2007	-	-	206	1,061	2,415	3,682
Additions	698	2,711	3	88	424	3,924
Disposals	-	-	-	(34)	(1,138)	(1,172)
Balance at 30 June, 2008	698	2,711	209	1,115	1,701	6,434
Additions	-	124	9	167	275	575
Disposals	(4)	-	(16)	(446)	(669)	(1,135)
Balance at 30 June, 2009	694	2,835	202	836	1,307	5,874
Accumulated depreciation						
Balance at 1 July, 2007	-	-	(94)	(684)	(2,147)	(2,925)
Disposals	-	-	-	24	1,135	1,159
Depreciation expense	-	(15)	(21)	(137)	(143)	(316)
Balance at 30 June, 2008	-	(15)	(115)	(797)	(1,155)	(2,082)
Disposals	-	-	16	355	669	1,040
Depreciation expense	-	(95)	(19)	(164)	(168)	(446)
Balance at 30 June, 2009	-	(110)	(118)	(606)	(654)	(1,488)
Net book value						
As at 30 June, 2008	698	2,696	94	318	546	4,352
As at 30 June, 2009	694	2,725	84	230	653	4,386

Group plant includes finance leases capitalised with a cost of \$1,398,000 (2008: \$1,612,000) and book value of \$728,000 (2008: \$1,157,000). Parent plant includes finance leases capitalised with a cost of \$134,000 (2008: \$134,000) and book value of \$25,000 (2008: \$59,000).

Land and buildings in Auckland with a carrying value of \$5,939,000 (2008: \$6,100,000) were last valued on 30 June 2009 and determined by Telfer Young (Auckland) Limited, in accordance with NZ IAS16, to have a fair value of \$9,600,000 (2008: \$10,900,000).

Land and buildings in Christchurch with a carrying value of \$3,419,000 (2008: \$3,394,000) were acquired during the last two years and are stated at cost less depreciation.

Land and buildings in Wellington with a 2008 carrying value of \$2,427,000 were sold in December 2008 for \$2,785,000.

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Aggregate depreciation recognised as an expense during the year:				
Buildings	298	218	95	15
Leasehold improvements	393	366	19	21
Plant and vehicles	1,143	887	164	137
Office equipment, furniture & fittings	1,530	1,149	168	143
	3,364	2,620	446	316

11. CAPITAL WORK IN PROGRESS

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Capital work in progress	-	916	-	-

The capital work in progress relates to software development. The total cost to complete the project is \$Nil (2008: \$968,000).

12. GOODWILL

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Gross carrying amount				
Balance at beginning of financial year	133,062	27,387	1,728	1,728
Additional amounts recognised from business combinations occurring during the period	1,131	105,015	-	-
Effects of foreign currency exchange differences	(278)	660	-	-
Net book value	133,915	133,062	1,728	1,728

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units representing the lowest level at which management monitor goodwill:

- Australian Hospital and Primary Healthcare sector (EBOS Group Pty Limited) – Healthcare Australia.
- New Zealand Consumer, Hospital, Primary Healthcare, Aged Care and International Product Supplies (EBOS Group Limited) – Healthcare NZ.
- New Zealand Hospital Procurement and logistic services (Health Support Limited) – Logistics NZ.
- Australasia Scientific Supplies (Global Science & Technology Limited) – Scientific.
- New Zealand Pharmacy Wholesaler and Logistic Services (PRNZ Limited) – Pharmacy/Logistics NZ

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

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Healthcare Australia	16,775	17,010	-	-
Healthcare NZ (Parent)	1,728	1,728	1,728	1,728
Logistics NZ	1,468	1,468	-	-
Scientific	20,369	19,281	-	-
Pharmacy/Logistics NZ	93,575	93,575	-	-
	133,915	133,062	1,728	1,728

12. GOODWILL cont.

During the year ended 30 June 2009, management have determined that there is no impairment of any of the cash generating units containing goodwill (2008: Nil).

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:

Healthcare Australia, Healthcare NZ and Scientific – Maintaining market share and gross margin being maintained during a period of high volatility in foreign currency during the budget period.

Logistics NZ and Pharmacy/Logistics NZ – Maintaining market share and controlling operational costs during the budget period.

Gross margins during the period for Healthcare Australia, Healthcare NZ, Logistics NZ, Scientific and Pharmacy/Logistics NZ are estimated by management based on average gross margins achieved before the start of the budget period. Market shares during the budget 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.

The value in use calculation uses cash flow projections based on financial budgets approved by management covering a five year period.

Annual growth rates of 2% to 5% (2008: 2%), which is below current historical growth rates; an allowance of 2% (2008: 4%) for inflation to expenses, and pre tax discount rates of 14.2% to 14.8% (2008: 15.1%) have been applied to these projections. Cash flows beyond the five year period have been extrapolated using a steady 2% (2008: 2%) growth rate. Management also believes that any reasonably possible change in the key assumptions would not cause the carrying amount of any of the cash generating units to exceed their recoverable amount.

13. INDEFINITE LIFE INTANGIBLES

	Natures Kiss \$'000	Allersearch \$'000	Group Liceblaster \$'000	Trademarks \$'000	Total \$'000
Gross carrying amount					
Balance at 1 July, 2007	2,390	2,570	1,356	-	6,316
Acquisitions through business combinations	-	-	-	17,240	17,240
Net foreign currency exchange differences	-	-	200	-	200
Balance at 30 June, 2008	2,390	2,570	1,556	17,240	23,756
Acquisitions through business combinations	-	-	-	-	-
Net foreign currency exchange differences	-	-	(26)	-	(26)
Balance at 30 June, 2009	2,390	2,570	1,530	17,240	23,730
Net book value					
As at 30 June, 2008	2,390	2,570	1,556	17,240	23,756
As at 30 June, 2009	2,390	2,570	1,530	17,240	23,730

	Natures Kiss \$'000	Parent Allersearch \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July, 2007	2,390	2,570	4,960
Balance at 30 June, 2008	2,390	2,570	4,960
Balance at 30 June, 2009	2,390	2,570	4,960
Net book value			
As at 30 June, 2008	2,390	2,570	4,960
As at 30 June, 2009	2,390	2,570	4,960

13. INDEFINITE LIFE INTANGIBLES cont.

The carrying amount of brands (indefinite life intangibles) has been allocated to the cash generating units as follows:

	Group	
	2009	2008
	\$'000	\$'000
Healthcare Australia	4,100	4,126
Healthcare NZ (Parent)	2,390	2,390
Pharmacy/Logistics NZ	17,240	17,240
	23,730	23,756

Management have assessed these 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.

During the year ended 30 June 2009, management have determined that there is no impairment of any of the brands.

The calculation of the recoverable amounts for Natures Kiss; Allersearch and Liceblaster brands and Pharmacy/Logistics NZ Trademarks have been determined based on a value in use calculation that uses cash flow projections based on financial budgets approved by management covering a five-year period. Management has determined that the recoverable amount calculations are most sensitive to change in the following assumptions. Annual growth rates of 2% to 5% (2008: 2%), and an allowance of 2% (2008: 4%) for inflation to expenses, and pre-tax discount rates of 14.3% to 14.6% (2008:15.1%) have been applied to these projections. Cash flows beyond the five-year period have been extrapolated using a steady 2% (2008:2%) 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

	Group	
	2009	2008
	\$'000	\$'000
Gross carrying amount of Supply Contracts		
Balance at beginning of financial period	1,490	1,490
Accumulated amortisation & impairment		
Balance at beginning of financial period	(137)	-
Amortisation expense	(644)	(137)
Balance at end of financial period	(781)	(137)
Net book value at end of financial period	709	1,353

Allocated to cash generating units as follows:

	Group	
	2009	2008
	\$'000	\$'000
Pharmacy/Logistics NZ	709	1,353

15. SUBSIDIARIES

Parent and Head Entity

Ebos Group Limited

Subsidiaries (all balance dates 30 June)

	Country of Incorporation	Ownership Interests and Voting Rights 2009 and 2008
Ebos Group Pty Limited	Australia	100%
Vital Medical Supplies (Australia) Pty Limited	Australia	100%
Ebos Health & Science Pty Limited	Australia	100%
Health Support Limited	New Zealand	100%
- Health Support Properties Limited	New Zealand	100%
Global Science & Technology Limited	New Zealand	100%
- Quantum Scientific Pty Limited	Australia	100%
PRNZ Limited	New Zealand	100%
EBOS Limited Partnership	Australia	100%
- EBOS Investments Pty Limited	Australia	100%

16. BORROWINGS

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Current				
Bank overdrafts (i)	3	277	3	16
Bank loans (i)	2,250	82,971	1,000	48,100
Finance lease liabilities (ii)	551	225	27	27
Advances from Subsidiaries (at call) (iii)	-	-	5,072	5,512
	2,804	83,473	6,102	53,655
Non-current				
Bank loans (i)	70,000	1,250	38,000	-
Finance lease liabilities (ii)	186	890	20	47
Total borrowings	72,990	85,613	44,122	53,702

- (i) Bank term loans and revolving cash advance facilities operate under a negative pledge deed provided to ANZ National Bank Limited by the parent company and its subsidiaries.
- (ii) Secured by the assets leased.
- (iii) Unsecured.

17. TRADE & OTHER PAYABLES

Current				
Trade payables	228,171	220,473	5,404	5,242
Other payables	11,286	12,566	1,972	1,665
	239,457	233,039	7,376	6,907
Non-current				
Other payables	4,936	5,318	-	-
Total trade & other payables	244,393	238,357	7,376	6,907

18. LEASES**Finance leases**

Minimum future lease payments

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

Finance lease liabilities

	Minimum Future Lease Payments				Present Value of Minimum Future Lease Payments			
	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Not later than 1 year	684	494	34	34	551	225	27	27
Later than 1 year and not later than 5 years	215	773	26	60	186	890	20	47
Minimum lease payments*	899	1,267	60	94	737	1,115	47	74
Less future finance charges	(162)	(152)	(13)	(20)	-	-	-	-
Present value of minimum lease payments	737	1,115	47	74	737	1,115	47	74
Included in the financial statements as:								
Finance leases - current portion					551	225	27	27
Finance leases - non current portion					186	890	20	47
					737	1,115	47	74

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

Operating leases**Leasing arrangements**

Operating leases relate to certain property and equipment. All operating lease contracts contain market review clauses in the event that the company/group exercises its option to renew. The company/group does not have an option to purchase the leased asset at the expiry of the lease period.

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Operating leases				
Non-cancellable operating lease payments				
Not longer than 1 year	6,692	6,366	759	717
Longer than 1 year and not longer than 5 years	15,288	15,809	719	590
Longer than 5 years	11,725	8,160	-	529
	33,705	30,335	1,478	1,836

19. OTHER FINANCIAL LIABILITIES - DERIVATIVES

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
At fair value:				
Foreign currency forward contracts (i)	742	7	742	7
Interest rate swaps (ii)	2,808	380	1,949	377
	3,550	387	2,691	384

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

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

20. SHARE CAPITAL

	2009 No. '000	2009 \$'000	2008 No. '000	2008 \$'000
Fully paid ordinary shares				
Balance at beginning of financial period	47,022	105,752	36,844	63,150
Issue of shares to executives and staff under employee share ownership scheme	44	109	54	134
	47,066	105,861	36,898	63,284
Shares issued to vendors of PRNZ Ltd – August 2007	-	-	3,000	14,250
Institutional placement of shares to partially fund PRNZ Ltd acquisition – September 2007	-	-	2,527	11,749
Shares issued under Share Purchase Plan to partially fund PRNZ Ltd acquisition – October 2007	-	-	3,763	17,500
	-	-	9,290	43,499
Bonus shares issued under Profit Distribution Plan				
- May 2008	-	-	834	-
- October 2008	1,115	-	-	-
- April 2009	800	-	-	-
Share issue costs	-	-	-	(1,031)
	48,981	105,861	47,022	105,752

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.

Given the immateriality of the amounts involved the issue of shares to executives and staff under the employee ownership scheme have not been accounted for pursuant to NZ IFRS-2: *Share Based Payment*. Since the inception of the employee ownership scheme in December 1994 293,350 shares have been issued raising \$408,130.

21. RESERVES

	Group	
	2009	2008
	\$'000	\$'000
Foreign currency translation reserve		
Balance at beginning of the period	2,044	(485)
Translation of foreign operations	(458)	2,529
Balance at end of the period	1,586	2,044

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, are brought to account by entries made directly to the foreign currency translation reserve.

	Group	Group	Parent	Parent
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Retained Earnings				
Balance at beginning of the period	39,645	29,530	7,554	10,807
Profit for the period	19,727	16,663	10,073	3,295
Dividends provided for or paid (note 22)	(2,817)	(6,548)	(2,817)	(6,548)
Balance at end of the period	56,555	39,645	14,810	7,554
Cash Flow Hedge Reserve				
Balance at beginning of the period	(137)	-	(265)	-
Gain/(loss) recognised on cash flow hedges	(2,555)	(250)	(1,570)	(378)
Related income tax	729	113	471	113
Balance at end of the period	(1,963)	(137)	(1,364)	(265)

The hedging 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.

22. DIVIDENDS

	2009	2009	2008	2008
	Cents per	Total	Cents per	Total
	share	\$'000	share	\$'000
Recognised amounts				
Fully paid ordinary shares				
- Final - prior year	13.5	1,504	13.0	5,998
- Interim - current year	10.5	1,313	9.5	550
	24.0	2,817	22.5	6,548
Unrecognised amounts				
Final dividend	14.5	1,800	13.5	1,504

A bonus share distribution of 14.5 cents per share was declared on 20 August 2009 with the shares to be issued on 2 October 2009. Shareholders may elect to sell these shares back to the Company. It is anticipated the cash impact of the sell back will be approximately \$1,800,000 (2008: \$1,504,000).

23. ACQUISITION OF BUSINESSES

Name of Business Acquired	Principal activity	Date of acquisition	Cost of acquisition \$'000
2009:			
100% of business assets of MedBio Limited	Scientific Supplies	1 July 2008	1,452
			1,452
2008:			
100% of business assets of Vital Medical Supplies Pty Limited (Vital)	Medical Supplies	1 July 2007	6,739
100% PRNZ Limited	Medical Supplies	29 August, 2007	86,565
100% of business assets of Tasmanian Medical Supplies Pty Limited (TasMed)	Medical Supplies	1 October, 2007	3,931
100% of business assets of Crown Scientific Pty Limited (Crown)	Scientific Supplies	1 November, 2007	8,538
			105,773

Description of Acquisition Activity

2009

	Book Value	MedBio Fair value adjustments	Fair value on acquisition
Net Assets Acquired	\$'000	\$'000	\$'000
Current assets:			
Trade and other receivables	233	-	233
Prepayments	7	-	7
Inventories	99	-	99
Non-current assets:			
Property, plant and equipment	82	-	82
Current liabilities:			
Trade and other payables	(100)	-	(100)
Net assets acquired	321	-	321
Goodwill on acquisition	1,131	-	1,131
Consideration	1,452	-	1,452

The contribution to net surplus for the year attributable to the purchase of MedBio Limited was \$215,000.

23. ACQUISITION OF BUSINESSES cont.**Description of Acquisition Activity****2008**

	Vital and Tasmed			Crown			
	Book value	Fair value adjustments	Fair value on acquisition	Book value	Fair value adjustments	Fair value on acquisition	Total fair value on acquisition
Net Assets Acquired	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets:							
Trade and other receivables	4,495	-	4,495	3,743	-	3,743	8,238
Provision for doubtful debts	-	-	-	(19)	-	(19)	(19)
Prepayments	82	-	82	29	-	29	111
Inventories	2,545	-	2,545	6,577	-	6,577	9,122
Non-current assets:							
Property, plant and equipment	499	-	499	1,092	-	1,092	1,591
Current liabilities:							
Trade and other payables	(5,669)	-	(5,669)	(4,258)	-	(4,258)	(9,927)
Finance leases	-	-	-	(617)	-	(617)	(617)
Employee benefits	(131)	-	(131)	(447)	-	(447)	(578)
Non-current liabilities							
Finance leases	-	-	-	(154)	-	(154)	(154)
Net assets acquired	1,821	-	1,821	5,946	-	5,946	7,767
Goodwill on acquisition			8,848			2,593	11,441
Consideration			10,669			8,539	19,208

23. ACQUISITION OF BUSINESSES cont.

	PRNZ Book Value \$'000	Fair value adjustments \$'000	Fair value on acquisition \$'000	SUMMARY Fair value on acquisition \$'000
Net Assets Acquired				
Current assets:				
Cash and cash equivalents	4,555	-	4,555	4,555
Trade and other receivables	93,815	-	93,815	102,053
Provision for doubtful debts	(501)	-	(501)	(520)
Prepayments	245	-	245	356
Inventories	58,651	-	58,651	67,773
Non-current assets:				
Property, plant and equipment	5,454	1,094	6,548	8,139
Capital work in progress	769	-	769	769
Deferred tax assets	2,431	-	2,431	2,431
Goodwill	20,181	(18,730)	1,451	1,451
Indefinite life intangibles	-	17,240	17,240	17,240
Finite life intangibles	-	1,490	1,490	1,490
Current liabilities:				
Trade and other payables	(162,852)	-	(162,852)	(172,779)
Finance leases	(146)	-	(146)	(763)
Bank loans	(2,500)	-	(2,500)	(2,500)
Current tax payable	(115)	-	(115)	(115)
Employee benefits	(1,167)	-	(1,167)	(1,745)
Non-current liabilities				
Bank loans	(14,000)	-	(14,000)	(14,000)
Deferred tax liabilities	-	(5,619)	(5,619)	(5,619)
Finance leases	(318)	-	(318)	(472)
Trade and other payables	(5,536)	-	(5,536)	(5,536)
Net assets acquired	(1,034)	(4,525)	(5,559)	2,208
Goodwill on acquisition			92,124	103,565
Consideration			86,565	105,773
Less shares issued			(14,250)	(14,250)
Less cash & equivalents acquired			(4,555)	(4,555)
Net cash outflow on acquisition			67,760	86,968

The contribution to net surplus for the 2008 year attributable to the purchase of the net assets of Vital and TasMed was \$1,640,000, to the purchase of Crown was \$ Nil and to the purchase of PRNZ Limited was \$5,500,000. Had these business combinations all been effected 1 July, 2007 the revenue of the consolidated entity would have been approximately \$1,250,000,000, and the net profit after tax approximately \$17,700,000.

24. NOTES TO THE CASH FLOW STATEMENT

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
(a) Businesses acquired				
Note 23 sets out details of the businesses acquired.				
Details of the acquisitions are as follows.				
Consideration				
Cash and cash equivalents	1,452	91,523	-	72,315
Shares issued at market price of \$4.75 per share	-	14,250	-	14,250
	1,452	105,773	-	86,565
Represented by:				
Net assets acquired (Note 23)	321	2,208	-	-
Investment in subsidiaries	-	-	-	86,565
Goodwill on acquisition	1,131	103,565	-	-
Consideration	1,452	105,773	-	86,565
Net cash outflow on acquisition				
Cash and cash equivalents consideration	1,452	91,523	-	72,315
Less cash and cash equivalents acquired	-	(4,555)	-	-
	1,452	86,968	-	72,315
(b) Financing facilities				
Financing facilities				
Bank overdraft facility, reviewed annually and payable at call:				
Amount used	3	277	3	16
Amount unused	3,567	3,308	1,247	1,234
	3,570	3,585	1,250	1,250
Bank loan facilities with various maturity dates through to August 2011				
Amount used	72,250	84,221	39,000	48,100
Amount unused	39,000	32,900	19,000	16,900
	111,250	117,121	58,000	65,000

24. NOTES TO THE CASH FLOW STATEMENT cont.

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
(c) Reconciliation of profit for the period with cash flows from operating activities				
Profit for the period	19,727	16,663	10,073	3,295
Add/(less) non-cash items:				
Depreciation	3,364	2,620	446	316
(Gain)/loss on sale of property, plant and equipment	(301)	63	(61)	8
Amortisation of finite life intangible assets	644	137	-	-
Loss/(gain) on derivatives/financial instruments	736	(75)	736	(88)
Deferred tax	(2,003)	(97)	(1,433)	(36)
Provision for doubtful debts	416	(37)	-	-
	2,856	2,611	(312)	200
Movement in working capital:				
Trade and other receivables	(710)	(109,159)	(1,858)	1,214
Finance lease receivables	58	35	58	35
Prepayments	906	(1,443)	(971)	54
Inventories	(676)	(81,493)	5,031	877
Current tax refundable/payable	4,658	(2,000)	1,293	(875)
Trade and other payables	6,036	208,678	469	1,646
Employee benefits	720	2,546	229	403
Foreign currency (gain)/loss on translation of working capital balances	(504)	2,619	-	-
	10,488	19,783	4,251	3,354
Movements in items treated as investing/financing activities	239	(10,511)	-	(4,501)
Net cash inflow from operating activities	33,310	28,546	14,012	2,348

25. EARNINGS PER SHARE CALCULATION

Basic earnings per share (refer Income Statement and note 20)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Group 2009 \$'000	Group 2008 \$'000
Earnings	19,727	16,663
Weighted average number of ordinary shares for the purposes of basic earnings per share	47,996	44,348

Diluted earnings per share (refer Income Statement and note 20)

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	Group 2009 \$'000	Group 2008 \$'000
Earnings	19,727	16,663
Weighted average number of ordinary shares for the purpose of diluted earnings per share	47,996	44,348

26. COMMITMENTS FOR EXPENDITURE

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
(a) Capital expenditure commitments				
Property, Plant and Equipment	-	736	-	736
Intangible assets	-	1,740	-	1,740

(b) Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 18 to the financial statements.

27. CONTINGENT LIABILITIES & CONTINGENT ASSETS

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Contingent liabilities				
Guarantees given to third parties	6,751	7,162	158	150
Guarantees arising from the deed of cross guarantee with other entities in the wholly-owned group	-	-	33,250	28,549

In August 2008 the company renegotiated its bank facilities. Bank term loans and revolving cash advance facilities operate under a negative pledge deed provided to ANZ National Bank Limited by the company and its subsidiaries. Previously the company has entered into a deed of guarantee for certain wholly-owned subsidiaries. The amount disclosed as a contingent liability represents total liabilities of the group of companies party to that, less the liabilities recognised by the group.

A subsidiary company (PRNZ Limited) is guarantor for certain loans made to pharmacies by the ANZ National Bank Limited amounting to \$5,593,000 (2008: \$6,012,000). 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 or the amount is not capable of reliable measurement. A performance bond of up to \$1,000,000 (2008: \$1,000,000) is also held by the bank on behalf of a supplier.

28. SEGMENT INFORMATION

Information on business segments (primary reporting format)

	Group 2009 \$'000	Group 2008 \$'000		
Segment Revenue				
Revenue				
Healthcare	1,342,719	1,075,945		
Scientific	66,745	61,719		
Inter-segment (i)	(64,518)	(45,644)		
	1,344,946	1,092,020		
(i) Inter-segment sales are recorded at amounts equal to competitive market prices charged to external customers for similar goods.				
Profit before finance costs and tax				
Healthcare	30,852	26,482		
Scientific	3,851	4,395		
	34,703	30,877		
Profit for the period				
Healthcare	17,145	13,488		
Scientific	2,582	3,175		
	19,727	16,663		
Segment assets				
Healthcare	455,055	442,525		
Scientific	44,778	43,669		
	499,833	486,194		
Segment liabilities				
Healthcare	325,054	328,732		
Scientific	12,740	10,158		
	337,794	338,890		
	Healthcare 2009 \$'000	Healthcare 2008 \$'000	Scientific 2009 \$'000	Scientific 2008 \$'000
Acquisition of non-current segment assets	3,017	26,217	1,530	172
Depreciation and amortisation of segment assets	3,426	2,355	582	402

Products and services within each business segment

For management purposes, the group is organised into two major operating divisions - Healthcare and Scientific. These divisions are the basis on which the group reports its primary segment information. The principal products and services of each of these divisions are as follows:

- Healthcare: Incorporates the sale of healthcare products in a range of sectors, own brands, retail healthcare and wholesale activities.
- Scientific: Incorporates the sale of laboratory consumables, life sciences equipment and technical support to industry and research laboratories.

Notes to the Financial Statements (continued)

For the Financial Year ended 30 June, 2009

28. SEGMENT INFORMATION cont.**Information on geographical segments (secondary reporting format)**

	Group 2009 \$'000	Group 2008 \$'000		
Revenue				
New Zealand	1,233,580	986,001		
Australia	175,884	151,663		
Eliminations	(64,518)	(45,644)		
	1,344,946	1,092,020		
Profit before finance costs and tax				
New Zealand	19,736	18,702		
Australia	14,967	12,175		
	34,703	30,877		
Profit for the period				
New Zealand	10,284	9,073		
Australia	9,443	7,590		
	19,727	16,663		
Segment assets				
New Zealand	413,544	411,491		
Australia	86,289	74,703		
	499,833	486,194		
	New Zealand 2009 \$'000	New Zealand 2008 \$'000	Australia 2009 \$'000	Australia 2008 \$'000
Acquisition of non-current segment assets	3,950	25,780	597	609

The group's two divisions operate in two principal geographical areas - New Zealand and Australia.

29. 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

Transactions involving the parent entity

Amounts receivable from and payable to related parties at balance date are disclosed on the parent company balance sheet, and Note 16 of these financial statements.

During the financial year, EBOS Group Limited received dividends of \$11,350,000 (2008: \$Nil) from its subsidiaries.

During the financial year, EBOS Group Limited received subvention income of \$Nil (2008: \$4,501,002) from its subsidiaries.

During the financial year, EBOS Group Limited provided accounting and administration services to its subsidiaries for a consideration of \$483,000 (2008: \$631,000) and charged royalties for the use of brand names and patents totalling \$365,000 (2008: \$269,000).

During the financial year, EBOS Group Limited rented warehouse space and contracted labour from its subsidiaries for a total cost of \$342,000 (2008: \$322,000).

Terms/price under which related party transactions were entered into

All loans advanced to and payable by subsidiaries are unsecured, subordinate to other liabilities and are at call. Interest rates determined by the directors were 6.0% - 9.7% (2008: 9.3% - 9.7%). During the financial year, EBOS Group Limited received interest of \$513,000 (2008: \$920,000) from loans to subsidiaries, and paid interest of \$109,000 (2008: \$Nil) to subsidiaries.

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date (2008: \$Nil).

Guarantees provided or received

As detailed in note 27, EBOS Group Limited has entered into a deed of cross guarantee with certain wholly-owned subsidiaries.

(d) Key Management Personnel Remuneration

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

(e) Other Transactions Involving Related Parties

During the financial year Quantum Scientific Pty Ltd leased premises from interests associated with key management personnel, D Brown. Rents of \$406,000 (2008: \$394,000) were paid.

During the financial year Quantum Scientific Pty Ltd paid amounts totalling \$373,000 (2008: \$425,000) to interests associated with the same key management personnel for the provision of management services.

Peter Merton a Director of the parent company and a key manager of the group, received remuneration of \$177,000 (2008:\$367,000) for services provided as Chief Executive of PRNZ Ltd. Mr Peter Merton retired as Chief Executive of PRNZ Limited on 31 December 2008.

30. FINANCIAL INSTRUMENTS**(a) Financial risk management objectives**

The group's corporate treasury function provides services to the two segments, co-ordinates access to domestic and international 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;
- 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

It is the policy of the group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts within 60 to 100% of the exposure generated. The group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to 12 months within 20% to 75% of the exposure generated.

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2009	2008	2009 FC'000	2008 FC'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Outstanding Contracts								
Buy Australian Dollars								
Less than 3 months	0.801	0.803	700	4,100	874	5,107	(1)	49
3 to 6 months		0.869		200		230		21
Buy Euro								
Less than 3 months	0.426	0.495	1,100	1,710	2,584	3,457	(187)	(24)
Buy Pounds								
Less than 3 months	0.372	0.396	455	400	1,224	1,010	(49)	(25)
Buy US Dollars								
Less than 3 months	0.544	0.771	1,650	2,100	3,035	2,722	(450)	(8)
3 to 6 months		0.770		250		325		9
Buy Swiss Francs								
Less than 3 months								
Buy Japanese Yen								
Less than 3 months	53.583	80.464	26,000	25,000	485	311	(55)	(29)
3 to 6 months		-						
					8,202	13,162	(742)	(7)

The above financial instruments relate to the group and parent entity. The fair value of forward foreign exchange contracts outstanding are recognised as other financial assets/liabilities. Hedge accounting has not been adopted for the forward foreign exchange contracts.

30. FINANCIAL INSTRUMENTS cont.

(d) Interest rate risk management

The group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate 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.

	Group					
	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Outstanding Contracts						
Outstanding variable rate for fixed contracts						
1 to 3 years	7.78	-	58,612	-	(2,721)	-
3 to 5 years	5.13	7.70	4,000	66,299	(87)	(250)
			62,612	66,299	(2,808)	(250)

	Parent					
	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Outstanding Contracts						
Outstanding variable rate for fixed contracts						
1 to 3 years	7.91	-	40,000	-	(1,949)	-
3 to 5 years	-	7.80	-	45,000	-	(377)
			40,000	45,000	(1,949)	(377)

The fair value of interest rate swaps outstanding are recognised as other financial assets/liabilities. Hedge accounting has been adopted.

(e) Liquidity

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve banking facilities by continuously monitoring forecast and actual cashflows 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. 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.

Notes to the Financial Statements (continued)

For the Financial Year ended 30 June, 2009

30. FINANCIAL INSTRUMENTS cont.

	Weighted average effective interest rate %	On Demand \$'000	Less than 1 year \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000	Total \$'000
Group - 2009									
Financial assets:									
Cash and cash equivalents	2.3	33,609							33,609
Trade and other receivables		150,720							150,720
Other financial assets			-						-
Finance leases	9.0		118	67					185
		184,329	118	67	-	-	-	-	184,514
Financial liabilities:									
Bank overdraft	10.8	3							3
Trade and other payables		239,457	536	536	536	536	536	6,427	248,564
Finance leases	9.1		683	216					899
Bank loans	5.1		5,935	3,570	70,595				80,100
Other financial liabilities			3,550						3,550
		239,460	10,704	4,322	71,131	536	536	6,427	333,116
Group - 2008									
Financial assets:									
Cash and cash equivalents	7.3	16,136							16,136
Trade and other receivables		150,426							150,426
Other financial assets			130						130
Finance leases	9.0		118	67	67				252
		166,562	248	67	67	-	-	-	166,944
Financial liabilities:									
Bank overdraft	13.3	277							277
Trade and other payables		232,889	560	560	560	560	560	7,275	242,964
Finance leases	9.1		494	494	279				1,267
Bank loans	9.5		90,853	1,369					92,222
Other financial liabilities			387						387
		233,166	92,294	2,423	839	560	560	7,275	337,117

30. FINANCIAL INSTRUMENTS cont.

	Weighted average effective interest rate %	On Demand \$'000	Less than 1 year \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000	Total \$'000
Parent - 2009									
Financial assets:									
Cash and cash equivalents	2.3	1,845							1,845
Trade and other receivables		10,430							10,430
Advances to subsidiaries	7.3		12,745						12,745
Finance leases	9.0		118	67	-	-	-	-	185
		12,275	12,863	67	-	-	-	-	25,205
Financial liabilities:									
Bank overdraft	10.8	3							3
Trade and other payables		7,376							7,376
Finance leases	9.1		34	26					60
Bank loans	3.5		1,035	1,330	38,222				40,587
Other financial liabilities			2,691						2,691
Advances from subsidiaries	7.3		5,442						5,442
		7,379	9,202	1,356	38,222	-	-	-	56,159
Parent - 2008									
Financial assets:									
Cash and cash equivalents	7.3	121							121
Trade and other receivables		8,572							8,572
Advances to subsidiaries	9.5		13,466						13,466
Finance leases	9.0		118	67	67				252
		8,693	13,584	67	67	-	-	-	22,411
Financial liabilities:									
Bank overdraft	13.3	16							16
Trade and other payables		6,907							6,907
Finance leases	9.1		34	34	26				94
Bank loans	9.6		52,727						52,727
Other financial liabilities			384						384
Advances from subsidiaries	9.5		6,036						6,036
		6,923	59,181	34	26	-	-	-	66,164

In 2008 the group secured banking facilities for the three years to August 2011.

The group maintains the following lines of credit:

\$3.5 million (2008: \$2.0 million) overdraft facility. Interest is payable at the base rate plus specified margin. A loan facility of \$111 million (2008: \$121 million) of which \$109 million (2008: \$117 million) is for 2 years.

The group renews its facilities on an annual basis to ensure an appropriate portion matures on a rolling basis.

30. FINANCIAL INSTRUMENTS cont.**(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 Period and Total Equity as a result of a 100 basis point movement in interest rates is as follows:

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
+ 100 basis point shift up in yield curve				
Impact on Profit for the Period	-	-	-	-
Impact on Total Equity	779	952	480	650
- 100 basis point shift down in yield curve				
Impact on Profit for the Period	-	-	-	-
Impact on total Equity	(801)	(985)	(494)	(673)

(ii) Foreign Currency Sensitivity Analysis

The following table details the Group's sensitivity to a 10% increase or decrease in foreign currencies against the Group's functional currency (New Zealand dollars). The sensitivity analysis includes any outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and equity where the functional currency strengthens 10% against the relevant currency. For a 10% weakening against the relevant currency there would be an equal and opposite impact on the profit and equity.

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
+ 10% shift in NZD rate				
Impact on Profit for the Period	(673)	(1,215)	(673)	(1,215)
Impact on Total Equity	673	1,215	673	1,215
- 10% shift in NZD rate				
Impact on Profit for the Period	823	1,486	823	1,486
Impact on Total Equity	(823)	(1,486)	(823)	(1,486)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(g) Credit Risk Management

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

Trade receivables consist of a large number of customers, spread across diverse industries 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 group does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies.

30. FINANCIAL INSTRUMENTS cont.

(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; and
- 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.
- 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.

Transaction costs are included in the determination of net fair value.

(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 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's overall strategy remains unchanged from 2008.

Additional Stock Exchange Information

As at 31 July, 2009

	Fully paid shares	Percentage of paid capital
Twenty Largest Shareholders		
Python Portfolios Ltd	4,938,268	10.08%
Accident Compensation Corporation	3,547,830	7.24%
Whyte Adder No.3 Ltd	3,493,602	7.13%
Elite Investment Holdings Ltd	1,613,725	3.29%
P.M. Merton & CWM Trustee Company Ltd	1,613,725	3.29%
Forsyth Barr Custodians Ltd	1,483,995	3.03%
Custodial Services Ltd	916,077	1.87%
Herpa Properties Ltd	660,695	1.35%
Forsyth Barr Custodians Ltd	624,390	1.27%
New Zealand Superannuation Fund Nominees Ltd	588,425	1.20%
Superlife Trustee Ltd	517,411	1.06%
Hubbard Churcher Trust Management Ltd	510,067	1.04%
Tea Custodians Ltd	443,210	0.90%
Forsyth Barr Custodians Ltd	423,566	0.86%
M.B. & A.L. Waller	404,957	0.83%
P. Gardiner-Garden	385,389	0.79%
Citibank Nominees (New Zealand) Ltd	364,822	0.74%
FNZ Custodians Ltd	277,645	0.57%
Investment Custodial Services Ltd	273,039	0.56%
Custodial Services Ltd	245,519	0.50%
	23,326,357	47.60%

Substantial Security Holders

As at 31 July 2009 the following persons are deemed to be substantial security holders in accordance with Section 26 of the Securities Amendment Act 1988.

	Fully paid shares	Percentage of paid capital
Python Portfolios Ltd	4,938,268	10.08%
Whyte Adder No.3 Ltd and Herpa Properties Ltd	4,154,297	8.48%
Accident Compensation Corporation	3,547,830	7.24%
	12,640,395	25.80%

Distribution of Shareholders and Shareholdings

	Holders	Fully paid shares	Percentage of paid capital
Size of Holding			
1 to 999	829	269,077	0.55%
1,000 to 4,999	2,049	5,249,504	10.72%
5,000 to 9,999	763	5,204,832	10.63%
10,000 to 49,999	560	9,985,665	20.39%
50,000 to 99,999	32	2,192,940	4.48%
100,000 to 499,999	26	5,570,571	11.37%
500,000 to 999,999	6	3,817,065	7.79%
1,000,000 and over	6	16,691,145	34.07%
Total	4,271	48,980,799	100.00%

Registered Address of Shareholders

New Zealand	4,074	46,303,491	94.53%
Overseas	197	2,677,308	5.47%
Total	4,271	48,980,799	100.00%

Corporate Office

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CHRISTCHURCH
Telephone (03) 338-0999
Fax (03) 339-5111
E-mail: ebos@ebos.co.nz
Internet: www.ebos.co.nz

Other Locations

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Albany, Auckland
NEW ZEALAND

Subsidiaries

PRNZ Limited
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Mt Wellington
Auckland
NEW ZEALAND

Health Support Limited
56 Carrington Road, Pt Chevalier
Auckland
NEW ZEALAND

EBOS Group Pty Limited &
EBOS Health & Science Pty Limited
Unit 2, 109 Vanessa Street
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AUSTRALIA

EBOS Health & Science (PNG) Limited
GB House, Kunai Street
Hohola, Waigani NCD
PAPUA NEW GUINEA

Global Science & Technology Limited
241 Bush Road, Albany
Auckland
NEW ZEALAND

Quantum Scientific Pty Limited
31 Archimedes Place
Murarrie, Queensland
AUSTRALIA

Vital Medical Supplies (Australia) Pty Ltd
Unit 29-31, 276-278 Newline Road
Dural, NSW 2158
AUSTRALIA

Directors

Rick Christie
Mark Waller
Peter Kraus
Elizabeth Coutts
Peter Merton
Sarah Ottrey
Mark Stewart
Barry Wallace

Chairman
Chief Executive and Managing Director
Deputy Chairman

Executives

Mark Waller
Michael Broome
Derek Brown
Angus Cooper
Dennis Doherty
Kelvin Hyland
David Lewis
Greg Managh
Anthony Norris

Chief Executive
General Manager – Healthcare Logistics
Managing Director - Scientific
General Manager – Business Development
Chief Financial Officer
General Manager – Sales & Marketing Healthcare
General Manager - ProPharma
General Manager – Health Support Ltd
General Manager – EBOS Group Pty Ltd

Auditor

Deloitte
Christchurch

Bankers

ANZ National Bank Limited
Christchurch

Solicitor

Chapman Tripp
Christchurch

Share Register

Computershare Investor Services Ltd
Private Bag 92119
Auckland
NEW ZEALAND
Telephone: (09) 488-8777

Shareholder Enquiries

Shareholders with enquiries about share transactions, change of address or dividend payments should contact the Share Registrar – Computershare Investor Services Ltd.

One of the leading independent (non multi-national) companies in the healthcare supplies market place.
ebos@ebos.co.nz