Annual Report 2011

EBOS
GROUP LIMITED

EBOS Group Annual Report 2011

Mr Julian Hayes
Colorectal and General Surgeon

Powerful trends are at work – all around the world – forcing changes in how healthcare will be conceived and delivered in the decades ahead.

According to global commentators, the future will bring massive change. On one hand, technology and innovation will deliver breathtaking new opportunities. The decoding of an individual's genome, for instance, will lead to a greater understanding of disease and the development of new therapies.

Healthcare will also reach more people than ever before. Innovation and demand will soar in emerging economies, such as China and India, creating significant new markets for healthcare companies.

There are also challenges ahead. The ageing of populations worldwide will see burgeoning numbers suffering from chronic, expensive-to-treat diseases and disabilities. This will place a strain on healthcare systems - and healthcare costs will continue to spiral upwards. This will have a widespread impact on healthcare spending, design of national systems, and delivery.

Introduction
Continued

"In healthcare, unlike other areas of commerce, you're actually dealing with lives every single day.
The products and services EBOS provide directly impact on peoples' lives. In the wider sense, we have a role to play in improving the health of New Zealanders, and those in other key markets. We can help the Government achieve greater efficiencies – which in turn, will allow for greater access to healthcare. And access is what ultimately helps people."

- **Mark Waller,** Chief Executive Officer, EBOS Group

In New Zealand, we face similar challenges and opportunities. A landmark ministerial review, the Horn Report, tells us we cannot sustain the current levels of spending growth in public healthcare. We need to act now to ensure our public health system operates more efficiently.

The Horn Report recommends a set of initiatives to gain efficiencies – such as fewer, regionalised District Health Boards; a system of national product procurement; and new patient-centric models of care.

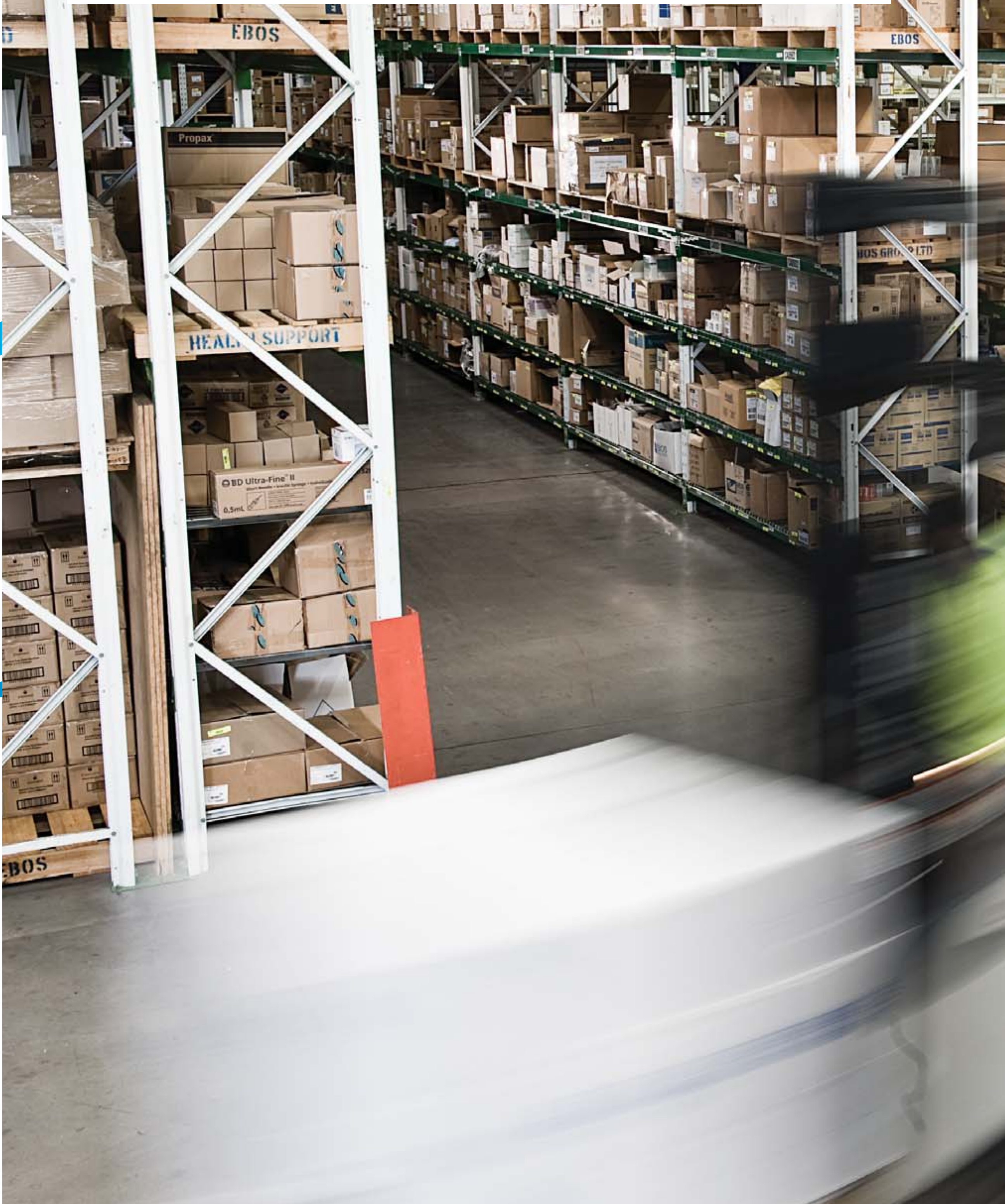
"Bureaucracy, waste, and inefficiencies must be reduced and resources moved to the front-line as spending growth slows. We must focus on quality, which will deliver better patient outcomes, and on ensuring better access to health services through smarter planning and resource utilisation, at regional and national levels."

- **Horn Report**, 31 July 2009

MercyAscot
Mercy Hospital
Operating Theatres

Our Networks: Our Strength

Whatever changes the future may bring, EBOS will position itself to meet them. As the largest supplier to the New Zealand healthcare industry, we have a unique perspective on the entire healthcare market.



EBOS Healthcare Albany

Our Supply Chain Explained

Market needs Over the life cycle of products or technologies, alternatives soon emerge, increasing choices and competition. This requires alternative models to serve the needs of the market.

Business function	Sales & Marketing	Wholesale/ Specialised Logistics	Third-party Logistics/ Pre-wholesale
Business entity	EBOS Healthcare	Health Support & ProPharma	Healthcare Logistics

End user A broad range of healthcare providers and distributors; from public and private hospitals, general practitioners, pharmacy, aged care and community to allied professionals, consumers and manufacturers.

The EBOS answer was to implement a business model that can meet all the market needs - be that the customer, manufacturer or provider.

This has driven EBOS to create the unique platform that we have today.

A specialist sales and marketing capability to manage the brands and categories of a wide range of products and technologies utilised in the health sector, accessed through dedicated channels to market.

The wholesale and specialised logistics businesses of Pro Pharma and Health Support.

Third-Party Logistics, pre wholesale business of Healthcare Logistics provides a 'virtual company' offer for overseas manufacturers.

This unique market coverage gives EBOS Group a remarkably strong position in the New Zealand healthcare market. It also sets an exciting platform for our future growth in key markets.

Rick Christie
Chairman

On behalf of the EBOS Board of Directors, I'm pleased to report another very strong performance by EBOS Group Ltd for the year ending June 30 2011.

This continues the impressive record of the past 10 years. The Group has continually achieved year-on-year growth, as well as paying shareholder dividends each year.

In the past two to three years, we have been consolidating our existing businesses, and achieving further efficiencies. Much of the profit improvement has been driven by increasing stock turn, integrating our systems, and reducing debt. At the same time, we've also been busy prospecting.

EBOS has made a total of 17 acquisitions over the past 10 years. Although we have not made an acquisition since our largest purchase of Pharmacy Retailing (NZ) (PRNZ) in 2008, this has continued to be a key strategic focus.

Chairman's Report
Continued

Importantly, EBOS Board and management recognise that sound strategy is absolutely critical to a good acquisition. It is an often-quoted statistic that 80% of mergers and acquisitions fail. For EBOS, the reverse is true. We employ a very robust process of 'prospect and filter' when looking to acquire a business. We also recognise that making the deal work is much more important than simply getting the deal done.

In our mergers and acquisitions strategy, we look for businesses that have a strong fit with our core competencies, and geographies that offer the most potential. There are a number of leading opportunities in our portfolio right now.

RESULTS

In the year ended 30 June 2011, revenue from continuing operations was $1,344m ($1,317m in 2010). Earnings before interest tax, depreciation and amortisation (EBITDA) from continuing operations was $41.125m (2010 $40.350m) up 2%. Profit for the year after tax from continuing operations was $23.4m (2010 $19.69m) an increase of 18.8%.

The net profit for the year including discontinued operations after interest and tax was $31.58m (2010 $23.44m) up 34.7%. As reported in the 2010 Annual Report the scientific business operations were divested in August/September 2010. Earnings per share including the earnings from discontinued operations increased to 61.2 cents from 47 cents.

BALANCE SHEET

EBOS is in a strong financial position.

Cash flow for the year has been sound, with net cash inflow from operations of $21.7m, while the proceeds from the scientific divestment were a net $45.2m. The net cash inflow from operating and investing activities for the year was $63.1m (2010 $39.2m).

Net assets increased to $198.80m ($182.79m last year) reflecting an increase in total assets to $538.32m. Current assets stand at $378.00m ($336.39m) and non current assets at $160.32m ($181.95m) with current liabilities at $268.36m ($261.70m).

DIVIDEND

The Directors are pleased to be able to approve a final dividend of 18 cents per share to be paid on 7 October 2011, making a total of 51.5 cents per share (31 cents per share) for the year, which included a special dividend of 20 cents per share following the sale of the Scientific business segment.

The record date for the purpose of determining entitlements for the final dividend is close of business 16 September 2011.

The dividend reinvestment plan will not be operative for the final dividend.

BOARD

Once again, I am grateful for the support and commitment shown by the Board this year. There have been no changes to our membership. We have a very stable, well-balanced team that offers both sound financial skills, a depth of industry knowledge, cornerstone shareholder representation and constructive input. We have plenty of robust discussion around the table – because everyone has a view – but at the end of the day that delivers greater value.

Another notable feature of our Board is the time we spend focussed on strategy. Unlike many companies that might have one strategic meeting a year, we talk strategy at every board meeting. Typically, we'll be looking at up to 10 potential deals that are aligned with our strategic direction, needless to say, not many make the grade.

MANAGEMENT AND EMPLOYEES

Mark Waller was awarded Deloitte/Management Magazine's 2010 Executive of the Year, which was a totally deserved accolade. He is an outstanding chief executive and leads a strong team, which underpins our strategic thinking, and the way we run our businesses.

OUTLOOK

It goes without saying that we're currently operating in an economic environment of considerable uncertainty. That is a concern for every New Zealand company. However EBOS is better positioned than most to adapt – or in fact thrive – in a volatile market.

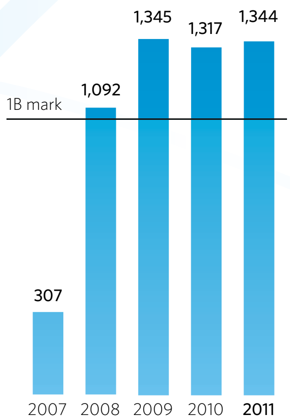
In just over 10 years, EBOS Group has graduated from being an agency-dominated business into what is now a very sophisticated and integrated sales, marketing and distribution business operating in New Zealand, Australia and the Pacific. This model has consistently delivered profitable returns for us. Not only have we paid dividends every year; we've also been more profitable each year than the year before. The EBOS growth story is a remarkable one.

Our shareholders have an expectation that we will continue to grow by acquisition. The company is in the enviable position of having no net debt, and the opportunity to leverage what we have built thus far is very real.

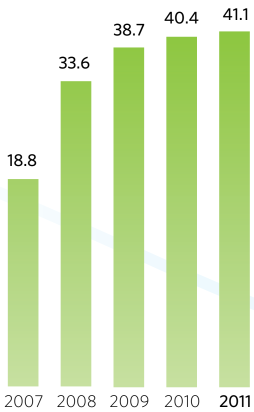
The sale of our scientific business reflected our philosophy of aiming to be one of the two major players in our core businesses. Given the consolidation of the scientific supply business globally – we elected to exit, and shareholders have already benefited from the capital gain on sale.

As a Christchurch based company, we have lived through the disastrous series of earthquakes to strike the city over the past 12 months. It was not, and still is not, an easy time for our staff and families, and I salute their commitment to maintain services to our clients and indeed other suppliers clients through the aftermath of the quakes.

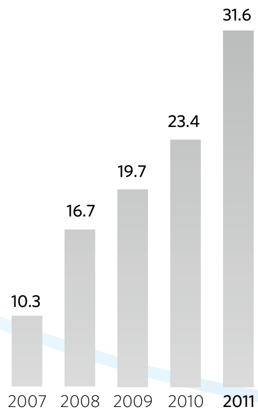
Rick Christie
Chairman of Directors



**Revenue ($ millions)



**EBITDA ($ millions)



NPAT($ millions)

	2011	2010	2009	2008	2007
Net cash inflow from operating activities ($'000)	21,703	41,813	33,310	28,546	7,254
Shareholders' interest ($'000)	198,796	182,790	162,039	147,304	92,195
Distributions cents per share	51.5c	31.0c	25.0c	23.0c	22.5c
Earnings per share	61.2c	47.0c	41.1c	37.6c	31.7c
Net interest bearing debt to net interest bearing debt plus equity	Nil In Funds	1.5%	19.6%	32.0%	8.1%

**Note 1: 2010 and 2011 numbers represent continuing operations. Prior years numbers include discontinued operations.

Mark Waller
Chief Executive Officer
& Managing Director

Every successful organisation has a strong central philosophy and sense of direction. For EBOS, we've essentially employed two key strategies that have seen us perform well over the years.

Firstly, our business model allows us to follow the patient through their life cycle. We provide literally a lifetime of products and services - from the needs of a new baby, through to aged care.

Secondly, we've been flexible and nimble enough to change our offering as the market landscape has changed. In fact looking back, you could say we've reinvented the company about every five years.

When we cast our minds back to the 1980s, the big focus was on new technologies. The multinationals were in acquisition mode, all clamouring to own the next great new technology. Then, over the space of a decade, almost the opposite trend came into play. A huge proportion of medical products started to be treated as commodities. Without the margins offered by unique products, the multinationals started to reduce their presence in the New Zealand market.

At EBOS, we recognised this was an important turning point. We asked ourselves the critical question, 'how can we be more valuable to the market we want to serve?'

Managing Director's Review
Continued

The answer was to implement a business model that could meet all the market's needs.

For unique products, we'd have a business dedicated to providing sales and marketing support. Then as products become commoditised - and move through their life-cycle into wholesale and pre-wholesale categories - EBOS would be there too. We saw that the key was to offer market access right across the continuum.

In a nutshell, that was the strategy that drove us to create the unique platform we have today. EBOS Healthcare is our sales and marketing arm that services all different segments of the market. Our wholesale businesses are Health Support and ProPharma; and our pre-wholesale and third-party logistics business, Healthcare Logistics, provides manufacturers with a 'virtual company' option.

With this model, we aim to ensure all customers have the right product, at the right time, at a very competitive price, and with superb levels of service.

Having put this framework in place - and running it successfully for many years - we believe that EBOS is well-poised to assist the New Zealand government with their plans to improve healthcare delivery.

We're currently responsible for a significant percentage of the volumes provided into the local healthcare industry, which gives us a very unique view on the whole market in New Zealand. Our logistics and wholesale businesses are already making significant contributions to public health sector efficiencies.

Given our technology and proven experience, EBOS can be a key supply chain partner under a more centralised environment. We are capable of assisting the Government with many of the initiatives they're looking at – whether it's national product procurement, a national network of distribution centres, or even consolidating their IT platforms.

EBOS has ready-established networks, technologies and infrastructure in these key areas. This gives us considerable scope to contribute to the Government's vision for more cost effective healthcare delivered earlier with greater access.

So while our New Zealand-based business is certainly looking positive, it's actually only part of the story. What I find most exciting, personally, is our plans for international growth.

The past year has seen us undertake an unprecedented amount of activity, all aimed at making our business as efficient as possible. We have amalgamated parts of our business, lowered the cost base, and achieved efficiencies in back office and IT. We have reduced our net debt from $110m three years ago, to nil.

EBOS is ready to embark on an important new phase. From now, our focus will be 100 percent on growing the business, through acquisition and other strategic alliances.

Geographically, we'll be looking at opportunities in New Zealand, Australia, and beyond. We're quite open-minded as to what form this might take – whether it's owning brands, or being an agency for brands; whether it's in wholesale, or manufacturing. The growth opportunities are as diverse as they are exciting.

There's also another field of opportunity which overlays our plans for geographical expansion. Having developed a suite of core competencies in pharmaceutical, medical devices and supply chain management; we're also looking at complementary industries where our skills could be profitably applied.

To sum up, our story so far has seen EBOS well-positioned in the New Zealand market, and with a strong and developing market in Australia and the Pacific. We're a credible and valuable part of the whole supply chain into health. The time has come for us to leverage off that expertise - to take it further afield internationally, and into different markets.

EBOS management and staff look forward to embarking on this journey with you.

Mark Waller
Chief Executive Officer

Sales and marketing and customer services staff

210+

Group Revenue

$1.34B

Staff across New Zealand, Australia and Pacific Islands

770+

The following major projects have been completed in the past 12 months. These have been key drivers to achieve efficiency gains to make us more competitive for the benefit of our customers.

RATIONALIZING THE BUSINESS MODEL

1. The deployment of Multipick 3.2 warehouse management systems into Health Support
2. Health Support went live onto the latest version of SAP software – which is also used by ProPharma and Healthcare Logistics - Pharmacy Retailing (NZ) Limited (PRNZ)
3. The Health Support retail Pharmacy business was transferred to ProPharma
4. All of the Health Support third-party logistics businesses were consolidated into Healthcare Logistics
5. There has been a complete integration of the back office accounting functions of Health Support into PRNZ
6. The Scientific business was sold to VWR International – the second biggest deal in the history of EBOS. It sold for approximately $45 million. The deal also included a transition service agreement through until December 2011
7. The consolidation of all the back office IT, administration and supply chain services of Vital Medical into EBOS Healthcare Australia


EBOS

Board of Directors

RICK CHRISTIE
MSC (HONS), FNZID, FNZIM
(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. 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 National e-Science Infrastructure – NeSI, Director of South Port New Zealand Ltd, NZ Pork Industry Board, Solnet Solutions Ltd, Tourism Holdings Ltd, and Wakefield Health Ltd. 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
(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 all the EBOS Group Ltd subsidiaries, as well as being a director of Scott Technology Ltd, and HTS-110 Ltd.

PETER KRAUS
MA (HONS), DIP ENG

Peter Kraus is an Auckland businessman who has been a director of EBOS Group Ltd since 1990. 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, 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

Appointed to the EBOS Group Ltd Board July 2003, Elizabeth is a member of the Audit and Risk Committee and Nomination Committee and is a professional director. She is also a former, chair of Meritec Group, 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, and Director of NZ Directories Holdings Ltd (and subsidiaries), Ports of Auckland Ltd, Ravensdown Fertiliser Co-operative Ltd, Sanford Ltd and Skellerup Holdings Ltd and Member, Marsh New Zealand Advisory Board. She is chair designate of Inland Revenue.

PETER MERTON
BPharm

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 Chairman of Pharmacy Brands Ltd and a director of, Cape Healthcare Ltd, and Trustee of Pentz Trust.

SARAH OTTREY
BCOM

Appointed to the EBOS Group Ltd Board 18 September 2006. Sarah is a Director of Blue Sky Meats (NZ) Ltd, Smiths City Group Ltd and Sarah Ottrey Marketing 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

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. He gained 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, Newco No1 Ltd and Ziwipeak Ltd. He is also an alternate director of Wakefield Health Ltd.

BARRY WALLACE
MCOM (HONS), CA

Appointed to the EBOS Group Ltd Board October 2001. Barry is chairman of the Audit and Risk Committee and member of the Remuneration Committee. He is a chartered accountant with a background in financial management with companies such as Rank Xerox New Zealand Ltd and David Reid Electronics. Barry is a former chief executive of Health Support Ltd and is the financial manager for a private group of companies. He is a director of Allum Management Services 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, Huckleberry Farms Ltd and a Trustee of The Perpanida Trust and The Annalise Trust.

The above named directors held office throughout the year.

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; Sarah Ottrey; Mark Stewart and Barry Wallace. It has one executive director Mark Waller, Chief Executive Officer and Managing Director. Rick Christie, Elizabeth Coutts and Sarah Ottrey have been determined as Independent Directors, (as defined under the NZSX 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

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 within the Directors Report shows attendances at the board and committee meetings during the year ended 30 June 2011.

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 NZSX 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 NZSX announcements and reports.

Your Directors are pleased to submit to shareholders their report and financial statements for the year ended 30 June 2011.

PRINCIPAL ACTIVITIES

EBOS Group Limited (the Company) is listed on the NZSX board of the New Zealand Exchange (NZX) under the securities code EBO. The Company operated in two business segments up until 1 September 2010, being Healthcare and Scientific. Healthcare incorporates the sale of healthcare products in a range of sectors, own brands, retail healthcare and wholesale activities, and logistics and Scientific incorporating the sale of laboratory consumables, life sciences equipment and technical support to industry and research laboratories. The Scientific segment was sold on 1 September 2010. Since that date the Company has operated in one business segment, being Healthcare.

ISSUED CAPITAL

As at 30 June 2011 the Company had on issue 52,107,487 ordinary fully paid shares, with 1,311,736 shares issued during the year.

GROUP RESULTS

Group operating revenue from continuing operations was $1,344m in the year ended 30 June 2011 (2010 $1,317m). Operating profit before finance costs and tax of $37.7m (2010 $36.7m) was earned for the year ended 30 June 2011. The net profit for the year including discontinued operations after interest and tax was $31.6m (2010 $23.4m). Earnings per share were 61.2 cents (2010 47.0 cents). Cash flow of $63.1m (2010 $39.2m) was generated from operations and investing activities.

DIVIDENDS

The Directors approved a final dividend of 18 cents per share making a total of 51.5 cents per share for the year (2010 31 cents per share), which included a special dividend of 20 cents following the sale of the Scientific segment.

DIRECTORS

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

Issued capital

52,107,487

Shares issued

1,311,736

Dividend

51.5c

DIRECTORS' INTERESTS

Share dealings by Directors

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

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 National e-Science Infrastructure – NeSI, Director of South Port New Zealand Ltd, NZ Pork Industry Board, Solnet Solutions Ltd, Tourism Holdings Ltd, and Wakefield Health Ltd.

E.M. Coutts: Chair of Urwin & Co Ltd, and Director of NZ Directories Holdings Ltd (and subsidiaries), Ports of Auckland Ltd, Ravensdown Fertiliser Co-operative Ltd, Sanford Ltd and Skellerup Holdings Ltd and Member, Marsh New Zealand Advisory Board and chair designate of Inland Revenue.

P.F. Kraus: Director of Whyte Adder No.3 Ltd, Strand Holdings Ltd, Strand Management Ltd, Herpa Properties 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.

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

S.C. Ottrey: Director of Blue Sky Meats (NZ) Ltd, Smiths City Group Ltd and Sarah Ottrey Marketing 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 and Ziwipeak Ltd. Alternate Director of Wakefield Health Limited.

B.J. Wallace: Director of Allum Management Services 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 EBOS Group Ltd subsidiaries and associated companies and a director of Scott Technology Ltd, and HTS-110 Ltd.

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	1,399	$9,324	October 2010
Issue of restricted staff shares	49,850	$174,475	To June 2011
Maturing staff shares	(63,970)	Nil	To June 2011
E M Coutts – Held by associated persons	500	$3,332	October 2010
P F Kraus	28	$187	October 2010
P F Kraus – Held by associated persons	114,246	$761,383	October 2010
S C Ottrey – Held by associated persons	127	$846	October 2010
	88	$639	April 2011
P M Merton – Held by associated persons	31,249	$208,256	October 2010
	(700,000)	($4,902,915)	April 2011
M J Stewart – Non beneficially held Director of Python Portfolios Ltd	135,805	$905,061	October 2010
M B Waller – Held by associated persons	11,379	$75,934	October 2010
	(6,400)	($40,960)	November 2010
Non beneficially held	1,399	$9,324	October 2010
Issue of restricted staff shares	49,850	$174,475	To June 2011
Maturing staff shares	(63,970)	Nil	To June 2011
B.J. Wallace			
Non beneficially held – Director of Whyte Adder No.3 Ltd and of Herpa Properties Ltd	114,246	$761,383	October 2010

DIRECTORS' SHAREHOLDINGS

Number of fully paid shares held as at		30 June 2011	30 June 2010
E M Coutts		19,510	19,010
R G M Christie	- Non beneficially held –		
	- Staff share purchase scheme	176,899	189,620
P F Kraus		1,076	1,048
	- Held by associated persons	4,464,974	4,350,728
P M Merton	- Held by associated persons	521,277	1,190,028
S C Ottrey	- Held by associated persons	4,935	4,808

DIRECTORS' SHAREHOLDINGS CONTINUED

Number of fully paid shares held as at		30 June 2011	30 June 2010
M J Stewart	- Non beneficially held – Director of Python Portfolios Ltd	5,307,571	5,171,766
B J Wallace	- Non beneficially held – Director of Whyte Adder No.3 Ltd/Herpa Properties Ltd	4,464,974	4,350,728
M B Waller	- Held by associated persons	439,005	434,026
	- Non beneficially held – Staff share purchase scheme	176,899	189,620

ATTENDANCE

	Board					
	Eligible to Attend	Attended	Audit & Risk Eligible to Attend	Committee Attended	Remuneration Eligible to Attend	Committee Attended
R Christie	9	9	4	4	1	1
P Kraus	9	6	-	-	-	-
E Coutts	9	9	4	4	-	-
P Merton	7	5	-	-	-	-
S Ottrey	9	9	-	-	-	-
M Stewart	9	8	-	-	-	-
B Wallace	9	9	4	4	1	1
M Waller	9	9	4	4	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 2011 were as follows:

		30 June 2011	30 June 2010
R.G.M. Christie		$127,500	$106,000
E.M. Coutts		$65,000	$53,000
P.F. Kraus		$60,000	$75,000
P. Merton		$60,000	$50,000
M.J. Stewart		$60,000	$50,000
S.C. Ottrey		$60,000	$50,000
B.J. Wallace		$67,500	$56,000
M.B. Waller	Salary	$470,420	$470,420
(Chief Executive Officer and Managing Director)	* Other benefits	$1,430,798	$1,299,000

*Includes performance bonus and other emoluments

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$)	30 June 2011 Number of employees	30 June 2010
100,000 – 110,000	16	27
110,000 – 120,000	9	19
120,000 – 130,000	11	10
130,000 – 140,000	6	11
140,000 – 150,000	2	-
150,000 – 160,000	5	8
160,000 – 170,000	6	7
170,000 – 180,000	1	3
180,000 – 190,000	3	-
190,000 – 200,000	1	2
200,000 – 210,000	1	-
210,000 – 220,000	2	-
230,000 – 240,000	1	1
240,000 – 250,000	-	1
250,000 – 260,000	1	1
270,000 – 280,000	1	-
290,000 – 300,000	-	1
330,000 – 340,000	1	1
340,000 – 350,000	1	1
350,000 – 360,000	2	-
360,000 – 370,000	1	-
380,000 – 390,000	-	1
390,000 – 400,000	1	-
520,000 – 530,000	-	1
530,000 – 540,000	1	-
550,000 – 560,000	-	1
630,000 – 640,000	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.

Rick Christie
Chairman

Mark Waller
Chief Executive Officer and
Managing Director

26 August 2011

Financial Statements

Year Ended 30 June, 2011

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 2011.

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 2011 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 on 26 August 2011 by:

Rick Christie
Chairman

Mark Waller
Chief Executive Officer and
Managing Director

Independent Auditor's Report to the Shareholders of EBOS Group Limited

Deloitte.

Report on the Financial Statements

We have audited the financial statements of EBOS Group Limited and group on pages 32 to 72, which comprise the consolidated and separate balance sheets of EBOS Group Limited, as at 30 June 2011, the consolidated and separate income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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

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

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

Other than in our capacity as auditor and the provision of information technology services, due diligence, internal control assurance services, assurance assistance and the assistance with the review of the group finance function we have no relationship with or interests in EBOS Group Limited or any of its subsidiaries.

Opinion

In our opinion, the financial statements on pages 32 to 72:

- 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 2011, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2011:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by EBOS Group Limited as far as appears from our examination of those records.

Deloitte

Chartered Accountants
26 August 2011
Christchurch, New Zealand

This audit report relates to the financial statements of EBOS Group Limited and group for the year ended 30 June 2011 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 26 August 2011 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, 2011	Notes	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Continuing operations					
Revenue	2 (a)	1,343,756	1,317,481	99,271	81,848
Profit before depreciation, amortisation, finance costs and income tax expense		41,125	40,350	13,682	16,188
Depreciation	2 (b)	(3,231)	(3,151)	(425)	(445)
Amortisation of finite life intangibles	2 (b)	(173)	(504)	-	-
Profit before finance costs and tax		37,721	36,695	13,257	15,743
Finance costs	2 (b)	(5,148)	(5,682)	(3,010)	(3,429)
Profit before income tax	2 (b)	32,573	31,013	10,247	12,314
Income tax	3	(9,173)	(11,324)	(1,118)	(1,679)
Profit for the year from continuing operations		23,400	19,689	9,129	10,635
Discontinued operations					
Profit for the year from discontinued operations	31	8,179	3,748	-	-
Profit for the year		31,579	23,437	9,129	10,635
Earnings per share:					
From continuing and discontinued operations					
Basic (cents per share)	25	61.2	47.0		
Diluted (cents per share)	25	61.2	47.0		
From continuing operations					
Basic (cents per share)	25	45.4	39.5		
Diluted (cents per share)	25	45.4	39.5		

STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June, 2011	Notes	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Profit for the year		31,579	23,437	9,129	10,635
Other comprehensive income					
Cash flow hedges gains	21	855	1,285	615	866
Related income tax to cashflow hedges	21	(262)	(386)	(195)	(260)
Gains/(losses) on translation of foreign operations	21	1,357	(470)	-	-
Total comprehensive income net of tax		33,529	23,866	9,549	11,241

Notes to the financial statements are included on pages 36 — 72.

BALANCE SHEET

As at 30 June, 2011	Notes	Group 2011 $'000	Group 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Current assets					
Cash and cash equivalents		99,678	56,484	73,130	18,175
Trade and other receivables	6	152,797	148,178	10,183	8,718
Prepayments	7	2,673	2,581	944	1,116
Inventories	8	121,807	128,484	8,347	7,955
Current tax refundable	3	1,045	458	-	53
Other financial assets - derivatives	9	-	105	-	105
Advances to subsidiaries		-	-	1,538	4,648
Finance leases		-	102	-	102
Total current assets		378,000	336,392	94,142	40,872
Non-current assets					
Property, plant and equipment	10	16,974	17,570	4,037	4,267
Capital work in progress	11	-	245	-	-
Prepayments	7	847	1,179	-	-
Deferred tax assets	3	4,538	5,297	693	1,190
Goodwill	12	114,132	133,741	1,728	1,728
Indefinite life intangibles	13	23,796	23,714	4,960	4,960
Finite life intangibles	14	32	205	-	-
Shares in subsidiaries	15	-	-	110,686	128,630
Total non-current assets		160,319	181,951	122,104	140,775
Total assets		538,319	518,343	216,246	181,647
Current liabilities					
Trade and other payables	17	259,130	248,855	8,826	7,779
Finance leases	16, 18	5	176	-	20
Current tax payable	3	3,422	5,577	643	-
Employee benefits		4,983	5,578	2,218	2,339
Other financial liabilities - derivatives	19	815	1,512	598	1,083
Advances from subsidiaries	16	-	-	54,464	12,842
Total current liabilities		268,355	261,698	66,749	24,063
Non-current liabilities					
Bank loans	16	57,177	59,017	28,000	28,000
Trade and other payables	17	4,591	4,770	-	-
Deferred tax liabilities	3	8,706	9,148	2,038	2,151
Finance leases	16, 18	6	18	-	-
Employee benefits		688	902	-	-
Total non-current liabilities		71,168	73,855	30,038	30,151
Total liabilities		339,523	335,553	96,787	54,214
Net assets		198,796	182,790	119,459	127,433
Equity					
Share capital	20	107,970	106,000	107,970	106,000
Foreign currency translation reserve	21	2,473	1,116	-	-
Retained earnings	21	88,824	76,738	11,827	22,191
Cash flow hedge reserve	21	(471)	(1,064)	(338)	(758)
Total equity		198,796	182,790	119,459	127,433

Notes to the financial statements are included on pages 36 — 72.

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June, 2011	Notes	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Equity at start of year		182,790	162,039	127,433	119,307
Profit for the year		31,579	23,437	9,129	10,635
Other comprehensive income:					
Movements in cashflow hedge reserve		593	899	420	606
Movement in foreign currency translation reserve		1,357	(470)	-	-
Dividends paid to company shareholders	22	(19,493)	(3,254)	(19,493)	(3,254)
Shares issued	20	1,970	139	1,970	139
Equity at end of year		198,796	182,790	119,459	127,433

Notes to the financial statements are included on pages 36 — 72.

CASH FLOW STATEMENT

For the Financial Year Ended 30 June, 2011	Notes	Group 2011 $'000	Group 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Cash flows from operating activities					
Receipts from customers		1,342,560	1,373,841	72,669	70,065
Interest received		2,367	942	1,934	538
Dividends received from subsidiaries		-	-	23,305	12,935
Payments to suppliers and employees		(1,306,387)	(1,319,253)	(66,706)	(64,242)
Taxes paid		(11,689)	(8,015)	(234)	(62)
Interest paid		(5,148)	(5,702)	(3,010)	(3,429)
Net cash inflow from operating activities	24(c)	21,703	41,813	27,958	15,805
Cash flows from investing activities					
Sale of property, plant & equipment		37	257	-	-
Advances from subsidiaries		-	-	41,622	7,770
Purchase of property, plant & equipment		(3,887)	(2,656)	(212)	(357)
Payments for capital work in progress		-	(245)	-	-
Advances to subsidiaries		-	-	3,110	7,230
Proceeds from disposal of businesses	24(a)	45,203	-	-	-
Net cash inflow/(outflow) from investing activities		41,353	(2,644)	44,520	14,643
Cash flows from financing activities					
Proceeds from issue of shares		1,970	139	1,970	139
Repayment of borrowings		(3,000)	(13,000)	-	(11,000)
Dividends paid to equity holders of parent	22	(19,493)	(3,254)	(19,493)	(3,254)
Net cash (outflow) from financing activities		(20,523)	(16,115)	(17,523)	(14,115)
Net increase in cash held		42,533	23,054	54,955	16,333
Effect of exchange rate fluctuations on cash held		661	(176)	-	-
Net cash and cash equivalents at beginning of the year		56,484	33,606	18,175	1,842
Net cash and cash equivalents at the end of the year		99,678	56,484	73,130	18,175
Cash and cash equivalents		99,678	56,484	73,130	18,175

Notes to the financial statements are included on pages 36 — 72.

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 operated in two business segments up until 1 September 2010, being Healthcare and Scientific – Healthcare incorporates the sale of healthcare products in a range of sectors, own brands, retail healthcare and wholesale activities, and logistics and Scientific incorporated the sale of laboratory consumables, life sciences equipment and technical support to industry and research laboratories. The Scientific segment was sold on 1 September 2010. Since that date the Company operates in one business segment, being Healthcare.

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, 2011 and the comparative information presented in these financial statements for the year ended 30 June, 2010.

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.

1.4 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

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.

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum period of one year.

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

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously-held equity interests (if any) in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

c) Indefinite life intangible assets

Indefinite life intangible assets represent purchased brand names and 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
- 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.

f) Property, plant and equipment continued

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

g) Impairment of assets

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

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

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

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

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

i) Inventories

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

j) Leases

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

Finance leases, which effectively transfer to the Group substantially all of the risks and benefits 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.

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

Cash flows are included in the 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

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

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

Financial Assets at Fair Value through Profit and Loss (FVTPL):
Financial assets are classified as FVTPL where the financial asset is either held for trading or it is designated at FVTPL, such as derivative financial asset instruments where hedge accounting is not applied.

m) Financial Instruments continued

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

Loans and Receivables:
Trade and other receivables, including advances to subsidiaries, 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.

Financial Liabilities

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

Financial Liabilities at Fair Value through Profit and Loss:
Financial liabilities are classified as FVTPL where the financial liability is either held for trading or it is designated at FVTPL, such as derivative financial liability instruments where hedge accounting is not applied.

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

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

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.

q) Segment Reporting

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

*r) Research and Developmen*t

Expenditure on research activities, such as software development, is recognised as an expense in the period it is incurred.

s) Adoption of New Revised Standards and Interpretations

No standards have been adopted during the year which have had a material impact on these financial statements. We are not aware of any standards in issue but not yet effective which would materially impact the amounts recognised or disclosed in the financial statements.

2. PROFIT FROM CONTINUING OPERATIONS

	Notes	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
(a) Revenue					
Revenue consisted of the following items:					
Revenue from the sale of goods - external		1,337,454	1,312,247	58,639	57,154
Revenue from the sale of goods - inter group		-	-	10,964	10,283
Revenue from the rendering of services		3,523	2,804	-	-
Management fees - external		415	1,495	-	-
Management fees - inter group		-	-	456	483
Rental revenue - inter group		-	-	12	85
Interest revenue - inter group		-	-	233	203
Interest revenue - other		2,364	935	1,702	335
Royalty income - inter group		-	-	3,960	370
Dividends - inter group		-	-	23,305	12,935
		1,343,756	1,317,481	99,271	81,848
(b) Profit before income tax					
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from operations:					
(Loss)/gain on disposal of property, plant and equipment		(34)	3	-	(4)
Disposal of Scientific businesses		-	-	(17,941)	-
Change in fair value of derivative financial instruments		(236)	848	(236)	848
Profit before income tax has been arrived at after charging the following expenses by nature:					
Cost of sales - external		(1,205,620)	(1,185,179)	(45,525)	(44,940)
Purchases inter group		-	-	(1,426)	(1,991)
Write-down of inventory		(1,137)	(1,129)	(248)	(391)
Finance costs:					
Bank interest		(4,511)	(5,057)	(2,399)	(2,978)
Other interest expense		(637)	(625)	(611)	(451)
Total finance costs		(5,148)	(5,682)	(3,010)	(3,429)
Net bad and doubtful debts arising from:					
Impairment loss on trade & other receivables		(330)	(443)	(1)	(30)
Depreciation of property, plant and equipment	10	(3,231)	(3,151)	(425)	(445)
Amortisation of finite life intangibles	14	(173)	(504)	-	-
Operating lease rental expenses:					
Minimum lease payments		(5,741)	(5,554)	(862)	(875)
Donations		(69)	(40)	(47)	(16)
Employee benefit expense		(50,587)	(48,189)	(10,805)	(10,552)
Other expenses		(38,877)	(37,448)	(8,498)	(7,709)
Total expenses		(1,310,913)	(1,287,319)	(70,847)	(70,378)
Profit before income tax		32,573	31,013	10,247	12,314

3. INCOME TAXES

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
(a) Income tax recognised in income statement				
Tax expense/(credit) comprises:				
Current tax expense:				
Current year	9,348	11,573	929	-
Adjustments for prior years	(559)	(1,583)	-	-
Other adjustments	41	32	-	33
	8,830	10,022	929	33
Deferred tax expense/(credit):				
Origination and reversal of temporary differences	(650)	915	(158)	219
Adjustments for prior years	563	1,844	406	1,475
Adjustments related to changes in tax rates or imposition of new taxes	186	(368)	(59)	(48)
Other	(44)	-	-	-
	55	2,391	189	1,646
Total income tax expense/(credit)	8,885	12,413	1,118	1,679
Attributable to:				
Continuing operations	9,173	11,324	1,118	1,679
Discontinued operations	(288)	1,089	-	-
	8,885	12,413	1,118	1,679
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 from continuing operations	32,573	31,013	10,247	12,314
Profit from discontinued operations	7,891	4,837	-	-
Profit from operations	40,464	35,850	10,247	12,314
Income tax expense calculated at 30%	12,139	10,755	3,074	3,694
Non-deductible expenses/(non-assessable income)	(2,361)	67	(1,549)	(3,841)
Effect of differences arising from investment interests in other jurisdictions	(756)	(346)	(754)	(346)
Effect of reduction of tax base of buildings	-	1,974	-	712
(Over)/under provision of income tax in previous year	4	261	406	1,475
Adjustments related to changes in tax rates	186	(368)	(59)	(48)
Other adjustments	(327)	70	-	33
Total income tax expense/(credit)	8,885	12,413	1,118	1,679

The tax rates used are principally the corporate tax rates of 30% (2010: 30%) payable by New Zealand and Australian corporate entities on taxable profits under tax law in each jurisdiction.

The tax legislation announcement made by the New Zealand Government in May 2010 has impacted on the deferred tax expense/(credit) as follows:

1. The tax rate for depreciation on buildings, which have a life of 50 years or greater was reduced to zero for years from and including 2012. The effect of this is an additional deferred tax expense in the prior year of $1,974,000 (Group), $712,000 (Parent).
2. The Company income tax rate is to reduce to 28% (currently 30%) for the year from and including the 2012 year. The impact of this change in tax rates has resulted in a deferred tax debit/(credit) in the current year of $186,000 (Group) (2010: ($368,000)). ($59,000) (Parent) (2010: ($48,000)).

3. INCOME TAXES CONTINUED

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
(b) Current tax assets and liabilities				
Current tax assets:				
Current tax refundable	1,045	458	-	53
Current tax liabilities:				
Current tax payable	3,422	5,577	643	-
(c) Deferred tax balance				
Deferred tax assets comprise:				
Temporary differences	4,538	5,297	693	1,190
Deferred tax liabilities comprise:				
Temporary differences	(8,706)	(9,148)	(2,038)	(2,151)
	(4,168)	(3,851)	(1,345)	(961)

Taxable and deductible temporary differences arise from the following:	Group Opening balance $'000	Group Charged to income $'000	Group Charged to equity $'000	Group Closing balance $'000
2011				
Gross deferred tax liabilities:				
Property, plant & equipment	(1,893)	284	-	(1,609)
Intangible assets	(7,255)	158	-	(7,097)
	(9,148)	442	-	(8,706)
Gross deferred tax assets:				
Property, plant & equipment	333	(333)	-	-
Provisions	3,680	(461)	-	3,219
Doubtful debts & impairment losses	573	171	-	744
Other financial liabilities – derivatives	454	(1)	(262)	191
Other	257	127	-	384
	5,297	(497)	(262)	4,538
		(55)	(262)	
2010				
Gross deferred tax liabilities:				
Property, plant & equipment	(63)	(1,830)	-	(1,893)
Provisions	(18)	18	-	-
Intangible assets	(7,531)	276	-	(7,255)
	(7,612)	(1,536)	-	(9,148)
Gross deferred tax assets:				
Property, plant & equipment	256	77	-	333
Provisions	3,454	226	-	3,680
Doubtful debts & impairment losses	517	56	-	573
Other financial liabilities – derivatives	846	(4)	(388)	454
Other	1,467	(1,210)	-	257
	6,540	(855)	(388)	5,297
		(2,391)	(388)	

3. INCOME TAXES CONTINUED

	Parent Opening balance $'000	Parent Charged to income $'000	Parent Charged to equity $'000	Parent Closing balance $'000
2011				
Gross deferred tax liabilities:				
Property, plant & equipment	(663)	13	-	(650)
Intangible assets	(1,488)	100	-	(1,388)
	(2,151)	113	-	(2,038)
Gross deferred tax assets:				
Provisions	567	(43)	-	524
Doubtful debts & impairment losses	41	(2)	-	39
Other financial liabilities – derivatives	325	-	(195)	130
Tax losses carried forward	257	(257)	-	-
	1,190	(302)	(195)	693
		(189)	(195)	
2010				
Gross deferred tax liabilities:				
Property, plant & equipment	-	(663)	-	(663)
Intangible assets	(1,488)	-	-	(1,488)
	(1,488)	(663)	-	(2,151)
Gross deferred tax assets:				
Property, plant & equipment	11	(11)	-	-
Provisions	337	230	-	567
Doubtful debts & impairment losses	41	-	-	41
Other financial liabilities – derivatives	585	-	(260)	325
Tax losses carried forward	1,459	(1,202)	-	257
	2,433	(983)	(260)	1,190
		(1,646)	(260)	

3. INCOME TAXES CONTINUED

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 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
(d) Imputation credit account balances				
Balance at beginning of the year	6,845	4,624	250	(1,604)
Attached to dividends received	-	-	3,000	3,857
Taxation paid	6,991	4,301	234	62
Attached to dividends paid	(8,137)	(1,365)	(8,137)	(1,365)
Other credits	242	8	-	-
Other debits	(179)	(723)	(234)	(700)
Balance at end of the year	5,762	6,845	(4,887)	250
Imputation credits available directly and indirectly to shareholders of the Parent company, through				
Parent company	(4,887)	250		
Subsidiaries	10,649	6,595		
	5,762	6,845		

4. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Short-term employee benefits	6,838	6,539	5,076	4,451
Post-employment benefits	297	266	297	266
	7,135	6,805	5,373	4,717

5. REMUNERATION OF AUDITORS

Auditor of the parent entity (Deloitte)				
Audit of the financial statements	379	404	76	61
Audit related services for review of financial statements not included above	18	-	18	-
Review of group finance function	42	-	42	-
Assurance assistance	83	-	-	-
Due diligence	37	36	37	36
Information technology services	40	64	40	64
Internal control assurance services	139	-	-	-
	738	504	213	161

6. TRADE & OTHER RECEIVABLES

Trade receivables (i)	153,365	148,819	9,863	8,717
Other receivables	1,057	707	458	139
Allowance for impairment (ii)	(1,625)	(1,348)	(138)	(138)
	152,797	148,178	10,183	8,718

(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	(1,348)	(1,134)	(138)	(138)
Impairment loss recognised on trade receivables	(594)	(593)	(1)	(30)
Amounts written off as uncollectible	235	231	1	30
Impairment losses reversed	82	148	-	-
	(1,625)	(1,348)	(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.

6. TRADE & OTHER RECEIVABLES CONTINUED

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
(iii) Aging of impaired trade and other receivables				
90 days+	(1,625)	(1,348)	(138)	(138)
	(1,625)	(1,348)	(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 $13,008,000 (2010: $14,792,000) and Parent $2,177,000 (2010: $2,522,000) 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	9,672	10,454	1,144	1,443
60 - 90 days	1,716	2,458	264	149
90 days+	1,620	1,880	769	930
	13,008	14,792	2,177	2,522

7. PREPAYMENTS

Current portion	2,673	2,581	944	1,116
Term portion	847	1,179	-	-
	3,520	3,760	944	1,116

8. INVENTORIES

Finished Goods				
At cost	121,807	128,484	8,347	7,955
	121,807	128,484	8,347	7,955

9. OTHER FINANCIAL ASSETS - DERIVATIVES

At fair value:				
Foreign currency forward contracts (i)	-	105	-	105
	-	105	-	105

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

10. PROPERTY, PLANT AND EQUIPMENT

	Group					
	Freehold land at cost $'000	Buildings at cost $'000	Leasehold improve-ments at cost $'000	Plant and vehicles at cost $'000	Office equipment furniture & fittings at cost $'000	Total $'000
Gross carrying amount						
Balance at 1 July, 2009	1,895	8,953	2,059	8,439	12,397	33,743
Additions	-	80	16	888	1,136	2,120
Disposals	-	-	(26)	(1,536)	(1,172)	(2,734)
Net foreign currency exchange differences	-	-	(7)	(39)	(35)	(81)
Balance at 30 June, 2010	1,895	9,033	2,042	7,752	12,326	33,048
Additions	-	10	276	1,039	2,407	3,732
Disposals	-	-	(296)	(1,428)	(2,385)	(4,109)
Net foreign currency exchange differences	-	-	36	103	90	229
Balance at 30 June, 2011	1,895	9,043	2,058	7,466	12,438	32,900
Accumulated depreciation						
Balance at 1 July, 2009	-	(1,490)	(558)	(3,970)	(8,281)	(14,299)
Disposals	-	-	20	1,248	1,191	2,459
Depreciation expense	-	(284)	(415)	(1,231)	(1,758)	(3,688)
Net foreign currency exchange differences	-	-	5	21	24	50
Balance at 30 June, 2010	-	(1,774)	(948)	(3,932)	(8,824)	(15,478)
Disposals	-	-	162	831	2,000	2,993
Depreciation expense	-	(277)	(369)	(1,056)	(1,598)	(3,300)
Net foreign currency exchange differences	-	-	(27)	(62)	(52)	(141)
Balance at 30 June, 2011	-	(2,051)	(1,182)	(4,219)	(8,474)	(15,926)
Net book value						
As at 30 June, 2010	1,895	7,259	1,094	3,820	3,502	17,570
As at 30 June, 2011	1,895	6,992	876	3,247	3,964	16,974

10. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Parent					
	Freehold land at cost $'000	Buildings at cost $'000	Leashold improve-ment at cost $'000	Plant at cost $'000	Office equipment furniture & fittings at cost $'000	Total $'000
Gross carrying amount						
Balance at 1 July, 2009	694	2,835	202	836	1,307	5,874
Additions	-	78	2	162	89	331
Disposals	-	-	(7)	(307)	(39)	(353)
Balance at 30 June, 2010	694	2,913	197	691	1,357	5,852
Additions	-	7	1	134	55	197
Disposals	-	-	-	(2)	-	(2)
Balance at 30 June, 2011	694	2,920	198	823	1,412	6,047
Accumulated depreciation						
Balance at 1 July, 2009	-	(110)	(118)	(606)	(654)	(1,488)
Disposals	-	-	7	302	39	348
Depreciation expense	-	(97)	(19)	(123)	(206)	(445)
Balance at 30 June, 2010	-	(207)	(130)	(427)	(821)	(1,585)
Disposals	-	-	-	-	-	-
Depreciation expense	-	(91)	(18)	(132)	(184)	(425)
Balance at 30 June, 2011	-	(298)	(148)	(559)	(1,005)	(2,010)
Net book value						
As at 30 June, 2010	694	2,706	67	264	536	4,267
As at 30 June, 2011	694	2,622	50	264	407	4,037

Group plant includes finance leases capitalised with a cost of $162,000 (2010: $1,394,000) and book value of $19,000 (2010: $217,000). Parent plant includes finance leases capitalised with a cost of $134,000 (2010: $134,000) and book value of $Nil (2010: $Nil).

Land and buildings in Auckland with a carrying value of $5,570,000 (2010: $5,751,000) were last valued on 30 June 2011 and determined by Telfer Young (Auckland) Limited, in accordance with NZ IAS16, to have a fair value of $9,600,000.

Land and buildings in Christchurch with a carrying value of $3,316,000 (2010: $3,400,000) were acquired during the last four years and are stated at cost less accumulated depreciation and impairment.

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Aggregate depreciation recognised as an expense during the year:				
Buildings	277	284	91	97
Leasehold improvements	369	415	18	19
Plant and vehicles	1,056	1,231	132	123
Office equipment, furniture & fittings	1,598	1,758	184	206
	3,300	3,688	425	445

11. CAPITAL WORK IN PROGRESS

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Capital work in progress	-	245	-	-

The capital work in progress relates to software development.
The total cost to complete the project is $Nil (2010: $975,000).

12. GOODWILL

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Gross carrying amount				
Balance at beginning of financial year	133,741	133,915	1,728	1,728
De-recognised on disposal of businesses	(20,410)	-	-	-
Effects of foreign currency exchange differences	801	(174)	-	-
Net book value	114,132	133,741	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) – Logistics NZ – amalgamated with PRNZ Limited 1 November 2010.
- Australasia Scientific Supplies (Global Science & Technology Limited) – Scientific – disposed 1 September 2010.
- 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 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Healthcare Australia	17,361	16,629	-	-
Healthcare NZ (Parent)	1,728	1,728	1,728	1,728
Healthcare - Logistics NZ Wholesale	-	1,468	-	-
Scientific	-	20,341	-	-
Healthcare – Pharmacy/Logistics NZ	95,043	93,575	-	-
	114,132	133,741	1,728	1,728

During the year ended 30 June 2011, management have determined that there is no impairment of any of the cash generating units containing goodwill (2010: 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:

12. GOODWILL CONTINUED

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

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

Gross margins during the period for Healthcare Australia, Healthcare NZ, Logistics NZ and Pharmacy/Logistics NZ are estimated by management based on average gross margins achieved before the start of the assessment period. Market shares during the assessment period are assessed by management based on average market shares achieved in the period immediately before the start of the assessment period, adjusted each year for any anticipated growth.

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

Annual growth rates of 0% to 5.1% (2010: 2% to 5%), which is below current historical growth rates; an allowance of 2% to 3% (2010: 2%) for inflation to expenses, and pre-tax discount rates of 12.5% to 14% (2010: 14.2% to 14.3%) have been applied to these projections. Cash flows beyond the five year period have been extrapolated using a steady 2% (2010: 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

	Group Natures Kiss $'000	Group Allersearch $'000	Group Liceblaster $'000	Group Trademarks $'000	Group Total $'000
Gross carrying amount					
Balance at 1 July, 2009	2,390	2,570	1,530	17,240	23,730
Net foreign currency exchange differences	-	-	(16)	-	(16)
Balance at 30 June, 2010	2,390	2,570	1,514	17,240	23,714
Net foreign currency exchange differences	-	-	82	-	82
Balance at 30 June, 2011	2,390	2,570	1,596	17,240	23,796
Net book value					
As at 30 June, 2010	2,390	2,570	1,514	17,240	23,714
As at 30 June, 2011	2,390	2,570	1,596	17,240	23,796

	Parent Natures Kiss $'000	Parent Allersearch $'000	Parent Total $'000
Gross carrying amount			
Balance at 1 July, 2009	2,390	2,570	4,960
Balance at 30 June, 2010	2,390	2,570	4,960
Balance at 30 June, 2011	2,390	2,570	4,960
Net book value			
As at 30 June, 2010	2,390	2,570	4,960
As at 30 June, 2011	2,390	2,570	4,960

13. INDEFINITE LIFE INTANGIBLES CONTINUED

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

	Group 2011 $'000	2010 $'000
Healthcare Australia	4,166	4,084
Healthcare NZ (Parent)	2,390	2,390
Pharmacy/Logistics NZ	17,240	17,240
	23,796	23,714

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 2011, management have determined that there is no impairment of any of the brands.

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

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 forecast 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 0% to 5.8% (2010: 4% to 5%), and an allowance of 2% to 3% (2010: 2%) for inflation to expenses, and pre-tax discount rates of 12.4% to 14.1% (2010: 14.3% to 14.6%) have been applied to these projections. Cash flows beyond the five-year period have been extrapolated using a steady 2% (2010: 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 2011 $'000	2010 $'000
Gross carrying amount of Supply Contracts		
Balance at beginning of financial year	1,490	1,490
Accumulated amortisation & impairment		
Balance at beginning of financial year	(1,285)	(781)
Amortisation expense	(173)	(504)
Balance at end of financial year	(1,458)	(1,285)
Net book value at end of financial year	32	205
Allocated to cash generating units as follows:		
Pharmacy/Logistics NZ	32	205

15. SUBSIDIARIES

Parent and Head Entity
EBOS Group Limited

Subsidiaries (all balance dates 30 June)	Country of Incorporation	Ownership Interests and Voting Rights 2011 and 2010
EBOS Healthcare (Australia) Pty Limited (formerly EBOS Group Pty Limited)	Australia	100%
EBOS Group Pty Limited (formerly Vital Medical Supplies (Australia) Pty Limited)	Australia	100%
EBOS Health & Science Pty Limited	Australia	100%
EBOS Shelf Company New Zealand Limited (formerly Global Science & Technology Limited)	New Zealand	100%
EBOS Shelf Company Australia Pty Limited (formerly Quantum Scientific Pty Limited)	Australia	100%
PRNZ Limited	New Zealand	100%
EBOS Limited Partnership	Australia	100%
Healthcare Distributors Pty Limited	Australia	100%

16. BORROWINGS

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Current				
Finance lease liabilities (ii)	5	176	-	20
Advances from Subsidiaries (at call) (iii)	-	-	54,464	12,842
	5	176	54,464	12,862
Non-current				
Bank loans (i)	57,177	59,017	28,000	28,000
Finance lease liabilities (ii)	6	18	-	-
	57,183	59,035	28,000	28,000
Total borrowings	57,188	59,211	82,464	40,862

(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. There have been no breaches of the banking covenants provided under the negative pledge deed.
(ii) Secured by the assets leased.
(iii) Unsecured.

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

17. TRADE & OTHER PAYABLES

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Current				
Trade payables	244,621	235,159	5,609	4,672
Other payables	14,509	13,696	3,217	3,107
	259,130	248,855	8,826	7,779
Non-current				
Other payables	4,591	4,770	-	-
Total trade & other payables	263,721	253,625	8,826	7,779

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		Parent		Group		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Not later than 1 year	7	184	-	25	5	176	-	20
Later than 1 year and not later than 5 years	6	21	-	-	6	18	-	-
Minimum lease payments*	13	205	-	25	11	194	-	20
Less future finance charges	(2)	(11)	-	(5)	-	-	-	-
Present value of minimum lease payments	11	194	-	20	11	194	-	20
Included in the financial statements as:								
Finance leases - current portion					5	176	-	20
Finance leases - non current portion					6	18	-	-
					11	194	-	20

* 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, with lease terms of between one to ten years with options to extend for a further one to ten years. 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		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Operating leases				
Non-cancellable operating lease payments				
Not longer than 1 year	5,266	6,788	691	844
Longer than 1 year and not longer than 5 years	13,661	13,371	3,143	376
Longer than 5 years	5,451	2,744	3,665	-
	24,378	22,903	7,499	1,220

19. OTHER FINANCIAL LIABILITIES - DERIVATIVES

	Group		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
At fair value:				
Foreign currency forward contracts (i)	130	-	130	-
Interest rate swaps (ii)	685	1,512	468	1,083
	815	1,512	598	1,083

(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

	2011 No.'000	2011 $'000	2010 No.'000	2010 $'000
Fully paid ordinary shares				
Balance at beginning of financial period	50,796	106,000	48,981	105,861
Issue of shares to executives and staff under employee share ownership scheme	50	174	46	139
Bonus shares issued under Profit Distribution Plan				
- October 2009	-	-	901	-
- April 2010	-	-	868	-
- October 2010	1,015	-	-	-
Dividend reinvested				
- April 2011	246	1,796	-	-
	52,107	107,970	50,796	106,000

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 389,500 (2010: 339,650) shares have been issued raising $721,505 (2010: $547,030).

21. RESERVES

	Group 2011 $'000	2010 $'000
Foreign currency translation reserve		
Balance at beginning of the year	1,116	1,586
Translation of foreign operations	1,357	(470)
Balance at end of the year	2,473	1,116

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.

21. RESERVES CONTINUED

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Retained Earnings				
Balance at beginning of the year	76,738	56,555	22,191	14,810
Profit for the year	31,579	23,437	9,129	10,635
Dividends provided for or paid (note 22)	(19,493)	(3,254)	(19,493)	(3,254)
Balance at end of the year	88,824	76,738	11,827	22,191
Cash Flow Hedge Reserve				
Balance at beginning of the year	(1,064)	(1,963)	(758)	(1,364)
Gain recognised on cash flow hedges	855	1,285	615	866
Related income tax	(262)	(386)	(195)	(260)
Balance at end of the year	(471)	(1,064)	(338)	(758)

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

	2011 Cents per share	2011 Total $'000	2010 Cents per share	2010 Total $'000
Recognised amounts				
Fully paid ordinary shares				
- Final - prior year	17.5	2,136	14.5	1,853
- Special - current year	20.0	10,362	-	-
- Interim - current year	13.5	6,995	13.5	1,401
	51.0	19,493	28.0	3,254
Unrecognised amounts				
Final dividend	18.0	9,379	17.5	2,136

A dividend of 18.0 cents per share was declared on 26 August 2011 with the dividend being paid on 7 October 2011. The cash impact of the dividend will be $9,379,000 (2010: $2,136,000)

23. DISPOSAL OF BUSINESSES

On 1 September 2010, the Group disposed of its scientific operations. Details of the disposal are as follows:

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Book value of net assets sold				
Current assets				
Trade and other receivables	6,493	-	-	-
Prepayments	114	-	-	-
Inventories	10,017	-	-	-
Non-current assets				
Property, plant and equipment	1,255	-	-	-
Goodwill	20,410	-	-	-
Current liabilities				
Trade and other payables	(1,186)	-	-	-
Employee benefits	(753)	-	-	-
Net assets disposed of	36,350	-	-	-
Gain on disposal	8,853	-	-	-
	45,203	-	-	-
Consideration				
Consideration paid in cash and cash equivalents	45,203	-	-	-
Net cash inflow on disposal				
Consideration paid in cash and cash equivalents	45,203	-	-	-
Less cash and cash equivalent balances	-	-	-	-
	45,203	-	-	-

24. NOTES TO THE CASH FLOW STATEMENT

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
(a) Businesses disposed				
Note 23 sets out details of the businesses disposed.				
Details of the disposals are as follows.				
Consideration				
Cash and cash equivalents	45,203	-	-	-
	45,203	-	-	-
Represented by:				
Book value of net assets sold (Note 23)	36,350	-	-	-
Gain on disposal	8,853	-	-	-
Consideration	45,203	-	-	-
Net cash inflow on disposal				
Cash and cash equivalents consideration	45,203	-	-	-
	45,203	-	-	-
(b) Financing facilities				
Financing facilities				
Bank overdraft facility, reviewed annually and payable at call:				
Amount used	-	-	-	-
Amount unused	2,857	3,561	1,250	1,250
	2,857	3,561	1,250	1,250
Bank loan facilities with various maturity dates through to August 2014				
Amount used	57,177	59,017	28,000	28,000
Amount unused	42,000	40,000	22,000	20,000
	99,177	99,017	50,000	48,000

24. NOTES TO THE CASH FLOW STATEMENT CONTINUED

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
(c) Reconciliation of profit for the year with cash flows from operating activities				
Profit for the year	31,579	23,437	9,129	10,635
Add/(less) non-cash items:				
Depreciation	3,300	3,688	425	445
Loss on sale of property, plant and equipment	34	16	-	4
(Gain) on disposal of businesses	(8,853)	-	-	-
Write-off of investment in businesses disposed	-	-	17,941	-
Amortisation of finite life intangible assets	173	504	-	-
Loss/(gain) on derivatives/financial instruments	236	(848)	236	(848)
Deferred tax	55	2,391	188	1,646
Provision for doubtful debts	277	214	-	-
	(4,778)	5,965	18,790	1,247
Movement in working capital:				
Trade and other receivables	(4,896)	2,328	(1,465)	1,712
Finance lease receivables	102	63	102	63
Prepayments	240	(701)	172	(98)
Inventories	6,677	(1,104)	(392)	1,145
Current tax refundable/payable	(2,742)	2,003	696	(30)
Trade and other payables	10,096	9,232	1,047	403
Employee benefits	(809)	909	(121)	728
Foreign currency loss/(gain) on translation of working capital balances	919	(319)	-	-
	9,587	12,411	39	3,923
Working capital items disposed of (Note 23)	(14,685)	-	-	-
Net cash inflow from operating activities	21,703	41,813	27,958	15,805

25. EARNINGS PER SHARE CALCULATION

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

	Group 2011 cents	2010 cents
Basic earnings per share		
From continuing operations	45.4	39.5
From discontinued operations	15.8	7.5
Total basic earnings cents per share	61.2	47.0
	$'000	$'000
Earnings used in the calculation of total basic earnings per share	31,579	23,437
Profit for the year from discontinued activities used in the calculation of basic earnings per share from discontinued operations	(8,179)	(3,748)
Earnings used in the calculation of basic earnings per share from continuing operations	23,400	19,689
Weighted average number of ordinary shares for the purposes of basic earnings per share	51,585	49,841
Diluted earnings per share (refer Income Statement and Note 20)	cents	cents
From continuing operations	45.4	39.5
From discontinued operations	15.8	7.5
Total diluted earnings cents per share	61.2	47.0
	$'000	$'000
Earnings used in the calculation of total diluted earnings per share	31,579	23,437
Profit for the year from discontinued activities used in the calculation of diluted earnings per share from discontinued operations	(8,179)	(3,748)
Earnings used in the calculation of diluted earnings per share from continuing operations	23,400	19,689
Weighted average number of ordinary shares for the purposes of diluted earnings per share	51,585	49,841

26. COMMITMENTS FOR EXPENDITURE

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
(a) Capital expenditure commitments				
Property, Plant and Equipment	-	975	-	-

(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 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
Contingent liabilities				
Guarantees given to third parties	6,872	6,338	599	154
Guarantees arising from the deed of cross guarantee with other entities in the wholly-owned group	-	-	29,177	31,017

In June 2011 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. This amount disclosed also represents the maximum credit risk exposure to the Group and Parent.

A subsidiary company (PRNZ Limited) is guarantor for certain loans made to pharmacies by the ANZ National Bank Limited amounting to $5,273,000 (2010: $5,184,000). 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 (2010: $1,000,000) is also held by the bank on behalf of a supplier.

28. SEGMENT INFORMATION

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

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

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

Scientific: Incorporates the sale of laboratory consumables, life sciences equipment and technical support to industry and research laboratories.

The Scientific operations were discontinued on 1 September 2010.

Information regarding the Group's reportable segments is presented below.

(b) Segment revenues and results

	Group 2011 $'000	2010 $'000
Continuing operations		
Revenue from external customers		
Healthcare	1,343,756	1,317,481
Segment result		
Healthcare	41,125	40,350

28. SEGMENT INFORMATION CONTINUED

	Group 2011 $'000	2010 $'000
Depreciation	(3,231)	(3,151)
Amortisation of finite life intangibles	(173)	(504)
Finance costs	(5,148)	(5,682)
Income tax expense	(9,173)	(11,324)
Profit for the year	23,400	19,689
Discontinued operations		
Revenue from external customers		
Scientific	8,386	55,886
Segment result		
Scientific	(893)	5,394
Depreciation	(69)	(537)
Finance costs	-	(20)
Income tax expense	288	(1,089)
(Loss)/profit for the year	(674)	3,748
Gain on sale of operations	8,853	-
	8,179	3,748

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

	Group 2011 $'000	2010 $'000
(c) Segment assets		
Healthcare	538,319	478,953
Scientific	-	39,390
	538,319	518,343

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. Prior to the disposal of the scientific division assets were allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of revenues earned by individual reportable segments.

(d) Revenues from major products and services

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

28. SEGMENT INFORMATION CONTINUED

(e) Geographical information

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

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

	Group 2011 $'000	2010 $'000
Continuing and discontinued operations		
Revenue from external customers		
New Zealand	1,215,417	1,200,974
Australia	136,725	172,393
	1,352,142	1,373,367
Non-current assets		
New Zealand	135,625	148,702
Australia	20,156	27,952
	155,781	176,654

(f) Information about major customers

No revenues from transactions with a single customer amount to 10% or more of the Group's revenues (June 2010: Nil).

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:

	2011 $'000	2010 $'000
PRNZ Limited	(12,315)	3,039
EBOS Group Pty Limited	(12,846)	(7,870)
EBOS Shelf Company New Zealand Limited	(29,303)	(4,972)
Healthcare Distributors Limited	348	348
EBOS Health and Science Pty Limited	1,190	1,261

During the financial year, EBOS Group Limited received dividends of $23,305,000 (2010: $12,935,000) from its subsidiaries.

During the financial year, EBOS Group Limited provided accounting and administration services to its subsidiaries for a consideration of $456,000 (2010: $483,000) and charged royalties for the use of intellectual property, brand names and patents totalling $3,960,000 (2010: $370,000).

During the financial year, EBOS Group Limited rented warehouse space and contracted labour from its subsidiaries for a total cost of $94,000 (2010: $154,000).

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 0% - 6.45% (2010: 5.0% - 6.2%). During the financial year, EBOS Group Limited received interest of $233,000 (2010: $203,000) from loans to subsidiaries, and paid interest of $606,000 (2010: $444,000) to subsidiaries.

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date (2010: 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.

30. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Group's corporate treasury function provides services to the Groups entities, 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.

The fair value of forward exchange contracts is derived using inputs supplied by third parties that are observable either directly (i.e. prices) or indirectly (i.e. derived from prices). Therefore the Group has categorised these derivatives as Level 2 under the fair value hierarchy contained within the amendment to NZ IFRS 7.

Outstanding Contracts	Average exchange rate 2011	Average exchange rate 2010	Foreign currency 2011 FC'000	Foreign currency 2010 FC'000	Contract value 2011 $'000	Contract value 2010 $'000	Fair vlaue 2011 $'000	Fair vlaue 2010 $'000
Buy Australian Dollars								
Less than 3 months	0.765	-	800	-	1,045	-	(14)	-
Buy Euro								
Less than 3 months	0.544	0.551	200	725	367	1,315	(8)	(15)
Buy Pounds								
Less than 3 months	0.490	0.476	535	510	1,091	1,070	(46)	46
Buy US Dollars								
Less than 3 months	0.794	0.699	1,400	1,400	1,763	2,002	(62)	49
Buy Japanese Yen								
Less than 3 months		65.481	-	20,000	-	305	-	25
					4,266	4,692	(130)	105

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.

(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.

30. FINANCIAL INSTRUMENTS CONTINUED

	Group					
	Average contracted fixed interest rate		Notional principal amount		Fair Value	
Outstanding Contracts	2011 %	2010 %	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Outstanding variable rate for fixed contracts						
Less than 1 year	7.47	7.97	22,257	29,222	(616)	(634)
1 to 3 years	5.13	7.11	2,500	25,885	(69)	(878)
			24,757	55,107	(685)	(1,512)

	Parent					
	Average contracted fixed interest rate		Notional principal amount		Fair value	
Outstanding Contracts	2011 %	2010 %	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Outstanding variable rate for fixed contracts						
Less than 1 year	7.39	8.22	15,000	20,000	(468)	(452)
1 to 3 years	-	7.39	-	15,000	-	(631)
			15,000	35,000	(468)	(1,083)

The fair value of interest rate swaps outstanding are recognised as other financial assets/liabilities. Hedge accounting has been adopted. The fair value of interest rate swaps is derived using inputs supplied by third parties that are observable either directly (i.e. prices) or indirectly (i.e. derived from prices). Therefore the Group has categorised these derivatives as Level 2 under the fair value hierarchy contained within the amendment to NZ IFRS 7.

(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 tables include both interest and principal cash flows.

30. FINANCIAL INSTRUMENTS CONTINUED

	Weighted average effective interest rate %	On Demand $'000	Maturity Dates Less 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 - 2011									
Financial assets:									
Cash and cash equivalents	2.5	99,678	-	-	-	-	-	-	99,678
Trade and other receivables	-	152,797	-	-	-	-	-	-	152,797
		252,475	-	-	-	-	-	-	252,475
Financial liabilities:									
Trade and other payables	-	258,951	535	536	536	536	536	5,357	266,987
Finance leases	14.6	-	7	6	-	-	-	-	13
Bank loans	4.2	-	2,401	2,401	2,401	57,177	-	-	64,380
Other financial liabilities	-	-	815	-	-	-	-	-	815
		258,951	3,758	2,943	2,937	57,713	536	5,357	332,195
Group - 2010									
Financial assets:									
Cash and cash equivalents	2.1	56,484	-	-	-	-	-	-	56,484
Trade and other receivables	-	148,178	-	-	-	-	-	-	148,178
Other financial assets	-	-	105	-	-	-	-	-	105
Finance leases	9.0	-	112	-	-	-	-	-	112
		204,662	217	-	-	-	-	-	204,879
Financial liabilities:									
Trade and other payables	-	248,693	531	536	536	536	536	5,892	257,260
Finance leases	9.1	-	184	21	-	-	-	-	205
Bank loans	4.2	-	2,479	59,430	-	-	-	-	61,909
Other financial liabilities	-	-	1,512	-	-	-	-	-	1,512
		248,693	4,706	59,987	536	536	536	5,892	320,886

30. FINANCIAL INSTRUMENTS CONTINUED

	Weighted average effective interest rate %	On Demand $'000	Less 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	5+ years $'000	Total $'000
			Maturity Dates						
Parent - 2011									
Financial assets:									
Cash and cash equivalents	2.5	73,130	-	-	-	-	-	-	73,130
Trade and other receivables	-	10,183	-	-	-	-	-	-	10,183
Advances to subsidiaries	5.0	-	1,615	-	-	-	-	-	1,615
		83,313	1,615	-	-	-	-	-	84,928
Financial liabilities:									
Trade and other payables	-	8,826	-	-	-	-	-	-	8,826
Bank loans	3.3	-	921	921	921	28,154	-	-	30,917
Other financial liabilities	-	-	598	-	-	-	-	-	598
Advances from subsidiaries	3.3	-	56,241	-	-	-	-	-	56,241
		8,826	57,760	921	921	28,154	-	-	96,582
Parent - 2010									
Financial assets:									
Cash and cash equivalents	2.1	18,175	-	-	-	-	-	-	18,175
Trade and other receivables	-	8,718	-	-	-	-	-	-	8,718
Other financial assets	-	-	105	-	-	-	-	-	105
Advances to subsidiaries	5.9	-	4,924	-	-	-	-	-	4,924
Finance leases	9.0	-	112	-	-	-	-	-	112
		26,893	5,141	-	-	-	-	-	32,034
Financial liabilities:									
Trade and other payables	-	7,779	-	-	-	-	-	-	7,779
Finance leases	9.1	-	25	-	-	-	-	-	25
Bank loans	3.6	-	1,008	28,168	-	-	-	-	29,176
Other financial liabilities	-	-	1,083	-	-	-	-	-	1,083
Advances from subsidiaries	5.5	-	13,548	-	-	-	-	-	13,548
		7,779	15,664	28,168	-	-	-	-	51,611

In June 2011 the Group secured banking facilities for the three years to August 2014.

The Group maintains the following lines of credit:

$2.9 million (2010: $3.5 million) overdraft facility. Interest is payable at the base rate plus specified margin. A loan facility of $99 million (2010: $99 million) of which $99 million (2010: $99 million) is over 3 years.

(f) Sensitivity Analysis

(i) Interest Rate Sensitivity Analysis

The sensitivity analysis which follows 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 on Profit for the Period and Total Equity as a result of a 100 basis point movement in interest rates is as follows:

30. FINANCIAL INSTRUMENTS CONTINUED

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
+ 100 basis point shift up in yield curve				
Impact on Profit	-	-	-	-
Impact on Total Equity	150	421	89	262
- 100 basis point shift down in yield curve				
Impact on Profit	-	-	-	-
Impact on Total Equity	(151)	(429)	(90)	(267)

(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 contracts and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and equity where the functional currency weakens 10% against the relevant currency. For a 10% strengthening against the relevant currency there would be an equal and opposite impact on the profit and equity.

	Group 2011 $'000	2010 $'000	Parent 2011 $'000	2010 $'000
+ 10% shift in NZD rate				
Impact on Profit for the Year	(373)	(436)	(373)	(436)
Impact on Total Equity	(373)	(436)	(373)	(436)
- 10% shift in NZD rate				
Impact on Profit for the Year	456	533	456	533
Impact on Total Equity	456	533	456	533

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 maximum credit risk associated with guarantees provided by the Group and Parent are disclosed in note 27.

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 CONTINUED

(h) Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

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

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

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 2010.

31. DISCONTINUED OPERATIONS

On 1 September 2010 the Group's Scientific businesses were disposed of. The disposal of the Scientific businesses is consistent with the Group's long-term policy to focus its activities in the healthcare market.

Details of the assets and liabilities disposed of are disclosed in note 23.

The results of the discontinued operations included in the income statement and statement of comprehensive income are set out below.

Comparative profit and cash flows from discontinued operations have been re-presented.

	Group	
	2011 $'000 (2 months)	2010 $'000
Revenue		
Revenue from the sale of goods	7,814	53,170
Revenue from the rendering of services	569	2,678
Interest revenue	3	7
Other revenue	-	31
	8,386	55,886
(Loss)/profit before income tax expense		
Profit before income tax expense has been arrived at after (charging) the following gains and losses from operations:		
Gain on sale of property, plant and equipment	-	(19)

31. DISCONTINUED OPERATIONS CONTINUED

	Notes	Group 2011 $'000 (2 months)	2010 $'000
(Loss)/profit before income tax has been arrived at after (charging) the following expenses by nature:			
Cost of sales		(5,190)	(32,734)
Write-down of inventory		(251)	(382)
Finance costs:			
Bank interest		-	(2)
Other interest expense		-	(18)
Total finance costs		-	(20)
Net bad and doubtful debts arising from:			
Impairment loss on trade & other receivables		-	(2)
Depreciation of property, plant and equipment		(69)	(537)
Operating lease rental expenses:			
Minimum lease payments		(267)	(1,611)
Donations		-	(6)
Employee benefit expense		(2,476)	(10,342)
Other expenses		(1,095)	(5,396)
Total expenses		(9,348)	(51,030)
(Loss)/profit before income tax expense		(962)	4,837
Income tax credit/(expense)	3	288	(1,089)
		(674)	3,748
Gain on disposal of operations		8,853	-
Profit for the year from discontinued operations		8,179	3,748
Cash flows from discontinued activities			
Net cash flows from operating activities		3,017	6,611
Net cash flows from investing activities		43,864	(44)
Net cash flows from financing activities		-	-
Net cash flows		46,881	6,567

32. EVENTS AFTER BALANCE DATE

Subsequent to year end the Board have approved a final dividend to shareholders. For further details please refer to Note 22.

ADDITIONAL STOCK EXCHANGE INFORMATION

As at 29 July 2011

	Fully paid shares	Percentage of paid capital
Twenty Largest Shareholders		
Python Portfolios Ltd	5,307,571	10.19%
Accident Compensation Corporation	4,294,221	8.24%
Whyte Adder No.3 Ltd	3,754,868	7.21%
Forsyth Barr Custodians Limited <1-33>	1,372,904	2.64%
Custodial Services Limited <A/C 3>	1,137,858	2.18%
Herpa Properties Limited	710,106	1.36%
Forsyth Barr Custodians Limited <1-17.5>	639,671	1.23%
Superlife Trustee Nominees Limited	630,168	1.21%
Forsyth Barr Custodians Limited <1-30>	573,301	1.10%
Citibank Nominees (New Zealand) Limited	567,829	1.09%
New Zealand Superannuation Fund Nominees Limited	561,495	1.08%
P M Merton & CWM Trustee Company Ltd	521,277	1.00%
New Zealand Permanent Trustees Limited	505,741	0.97%
Elite Investment Holdings Limited	500,000	0.96%
Custodial Services Limited <A/C 18>	484,466	0.93%
M.B Waller & A.L Waller	424,703	0.81%
Custodial Services Limited <A/C 2>	414,490	0.79%
P Gardiner-Garden	385,589	0.74%
Hubbard Churcher Trust Management Limited	350,000	0.67%
New Zealand Depository Nominee Limited	327,392	0.63%
	23,463,650	45.03%

Substantial Security Holders

As at 29 July 2011 the following persons are deemed to be substantial security holders in accordance with Section 26 of the Securities Amendment Act 1988.

Python Portfolios Ltd	5,307,571	10.19%
Whyte Adder No.3 Ltd and Herpa Properties Ltd	4,464,974	8.57%
Accident Compensation Corporation	4,294,221	8.24%
	14,066,766	27.00%

Distribution of Shareholders and Shareholdings

Size of Holding	Holders		
1 to 999	1,071	412,796	0.78%
1,000 to 4,999	2,333	5,817,891	11.17%
5,000 to 9,999	777	5,326,574	10.22%
10,000 to 49,999	577	10,651,932	20.44%
50,000 to 99,999	34	2,184,405	4.19%
100,000 to 499,999	31	6,636,879	12.74%
500,000 to 999,999	9	5,209,588	10.00%
1,000,000 and over	5	15,867,422	30.46%
Total	4,837	52,107,487	100.00%

Registered Address of Shareholders

New Zealand	4,614	50,261,239	96.47%
Overseas	223	1,846,248	3.53%
Total	4,837	52,107,487	100.00%

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Elizabeth Coutts	
Peter Kraus	
Peter Merton	
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Mark Stewart	
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Michael Broome	General Manager – Healthcare Logistics
Angus Cooper	General Manager – Special Projects
Dennis Doherty	Chief Financial Officer
Kelvin Hyland	General Manager – Healthcare NZ
David Lewis	General Manager – ProPharma
Greg Managh	General Manager – Health Support
Tony Norris	General Manager – EBOS Group Pty Ltd

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