EBOS GROUP LIMITED

Annual Report 2019

The investments we have made in our people and a strong and diverse business ensure that we are well positioned for the future and have the capabilities that will enable our continued support of better healthcare and animal care across Australia and New Zealand.

Contents

All figures referred to in this report are in Australian dollars unless otherwise stated.

Foreword

Every day, communities across Australia and New Zealand benefit from the work we do at EBOS Group. Through the timely distribution of medicines to those who need them most, our support of a broad network of pharmacies, hospitals, medical clinics and aged care facilities, and the provision of some of the most trusted consumer and animal care brands – our commitment to improving the health and wellbeing of people and animals is embedded in everything we do.

We continue to reinforce our capabilities across the entire supply chain, through targeted acquisitions and major investments in technology and infrastructure designed to complement and strengthen our business. We are proud to maintain our position as the largest Trans-Tasman marketer, wholesaler and distributor of healthcare and animal care products.

The investments we have made in our people and a strong and diverse business ensure that we are well positioned for the future and have the capabilities that will enable our continued support of better healthcare and animal care across Australia and New Zealand.

Our approach is reflected in our financial performance, where we have delivered further increases in returns to our valued shareholders. We trust that you will enjoy reading this year's Annual Report on the performance of your company and we thank you for your continued support.

Highlights

$6.9b revenue

$26.6m investment in net capital works

$93.6m acquisition investment

Our shareholders

7,599 shareholders*

71.5c total dividends per share

**NZ cents per share*

** As at 31 July 2019*

Our business

3,600 staff members

72% AUS

28% NZ

57 locations in Australia and New Zealand

42%

58%

82% healthcare

18% animal care

Symbion Brisbane pharmaceutical distribution facility

Summary of Results

Financial Highlights

Reported Results

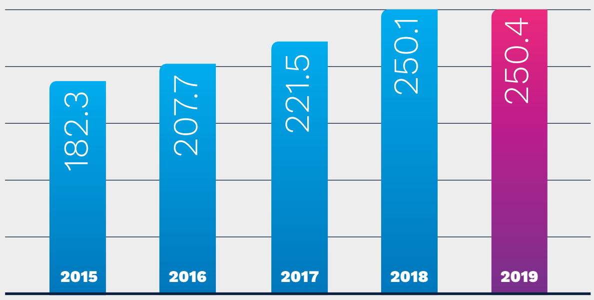
$6.9 billion revenue

$250.4 million EBITDA +0.1% increase

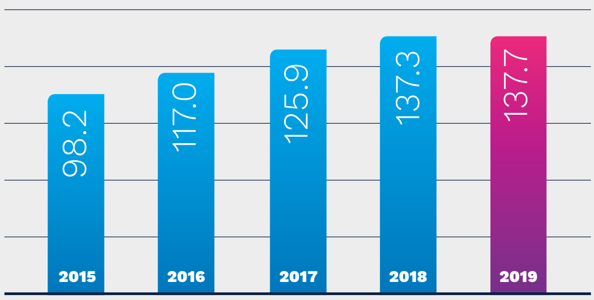
NZ 71.5 cents dividend per share +4.4% increase

$137.7 million net profit after tax +0.3% increase

89.8 cents earnings per share -0.6% decrease



Five year EBITDA trend
For the year to 30 June ($millions)



Five year NPAT trend
For the year to 30 June ($millions)

STRONGER TOGETHER

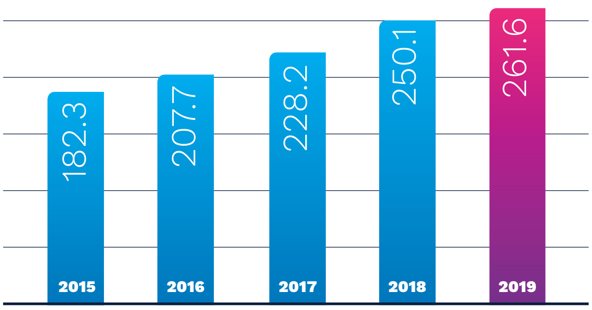
Underlying Results

$6.9 billion revenue

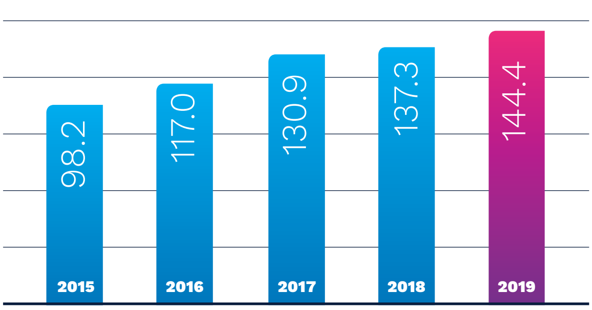
$261.6 million EBITDA +4.6% increase

$144.4 million net profit after tax +5.2% increase

94.2 cents earnings per share +4.3% increase



Five year EBITDA trend
For the year to 30 June ($millions)

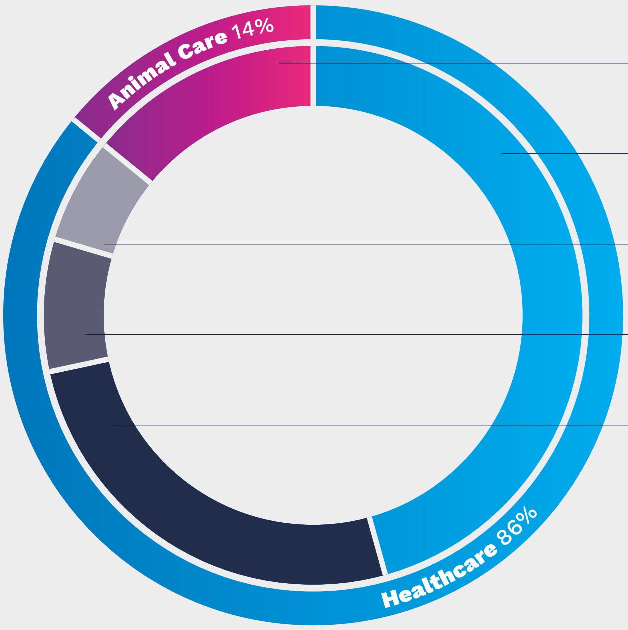


Five year NPAT trend
For the year to 30 June ($millions)

Excludes one-off items for transaction costs incurred on M&A, warehouse transition and restructuring costs, net of the gain on sale from disposal of a surplus property.

Segment & Divisional Earnings Overview

Data based on gross operating revenue, which comprises revenue less cost of sales (including any adjustments to inventory).



14%
Animal Care

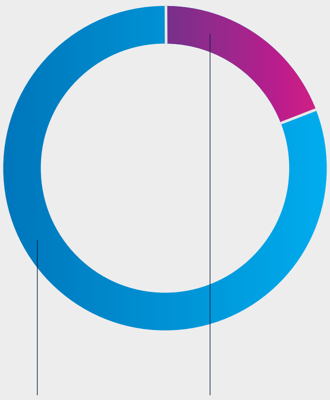
46%
Pharmacy (Wholesale and Retail)

6%
Consumer Products

8%
Contract Logistics

26%
Institutional Healthcare

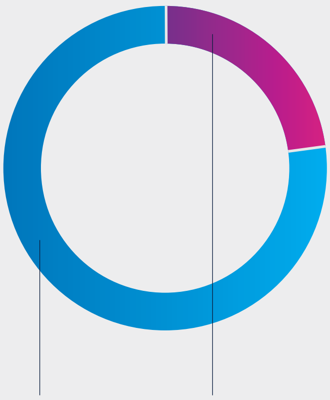
EBITDA



82% Australia

18% New Zealand

Revenue



77% Australia

23% New Zealand

CEO & Chairman's Report

CEO John Cullity and Chairman Mark Waller

EBOS delivered another year of increased momentum in 2019 as the Company positioned itself for the next wave of growth in 2020.

The result reflects the Board and management's adherence to the core business strategy that has consistently delivered for shareholders over time by growing the business through carefully calculated investment decisions that drive both our Healthcare and Animal Care businesses in Australia and New Zealand.

Business Highlights for the year

EBOS reported solid growth in underlying earnings in what has been a strategically important year for the Group. Operating in highly competitive and regulated markets, the Group has withstood a range of challenges and changing market dynamics and still delivered a solid result for shareholders.

Our Retail Pharmacy division was particularly active throughout 2019 as we moved to 100% ownership of the Terry White Group (TWG) and retained our wholesale contract with Blooms The Chemist, one of Australia's largest independent pharmacy groups. We also signed the Chemist Warehouse Group (CWG) pharmaceutical contract, which commenced on 1 July 2019.

The decision by CWG to select EBOS as its exclusive pharmaceutical distributor was a great endorsement of EBOS' Wholesale Pharmacy division and is a reflection of the Group's high level of expertise and excellent service standards. The partnership with CWG will see EBOS deliver pharmaceutical products to more than 450 Chemist Warehouse and My Chemist stores in Australia, generating approximately $1 billion in additional revenue in the first year.

Importantly, with the commencement of the CWG partnership, EBOS was focused on ensuring there would be no adverse impact on our existing loyal pharmacy and hospital customers.
It is therefore pleasing to report that we have successfully commenced servicing the CWG stores while still maintaining the high standards we pride ourselves on for all our existing customers.
This is in no small way a function of the dedicated teams who work hard each and every day for our customers and the communities we serve.

The decision by CWG to select EBOS as its partner was also an endorsement of our broader capital investment strategy and reflects the efficiencies we have made over a number of years to our operations.

In the last financial year we commenced operations in two new facilities in Brisbane and Sydney, together with a smaller distribution centre in Darwin. In New Zealand we opened a new facility in Christchurch servicing our Healthcare business, while in Auckland we opened a new Healthcare Logistics facility and neared completion of our new shared distribution and manufacturing facility. This new facility, which has a significant footprint of 10,000m², will see the consolidation of six separate New Zealand locations, enabling more streamlined stock and delivery services to our customers. Furthermore, the new site will house our Red Seal manufacturing operations, as well as providing significant storage capacity for our growing Endeavour Consumer Health business.

The year was also highlighted by several strategic acquisitions as we continue to build our Healthcare and Animal Care businesses. The total value of investments for the year was $93.6 million and, in addition to acquiring the minority shares in TWG, also included three small-to-medium-sized bolt-on acquisitions.

The first of these acquisitions was Warner & Webster, a medical and surgical supplies wholesaler servicing Victoria and South Australia, providing further opportunity to grow our share of the medical consumable market for our Healthcare business. In our Animal Care business we acquired Therapon, a Victoria-based veterinary distribution business that will operate under our Lyppard vet wholesale business. Finally, our Endeavour Consumer Health business acquired Quitnits, a leading natural head lice product range, which adds to our consumer health brands portfolio.

The ongoing success of the EBOS business strategy to 'invest for growth' through disciplined capital management, and acquire businesses and brands that can deliver shareholder value, was part of the reasoning for the Group's equity capital raising in May 2019. The Group successfully raised NZ$175 million in new capital, a clear indication that our strategy continues to resonate with a range of investors. The funds raised will provide us with enhanced financial capacity for further strategic acquisitions and organic growth opportunities so that we can continue the long-term strategic growth of the Group.

As we have stated previously, we operate in highly competitive and regulated markets and it was therefore pleasing that the Australian Government recognised, at the conclusion of its recent review into the Community Service Obligation (CSO), the importance of the wholesale industry in providing Australians with equal access to medicines in accordance with the National Medicines Policy. However, if the wholesale industry is to maintain its service standards then it requires additional financial support through increased CSO funding and a sustainable wholesale margin. The financial stability of the industry is at a critical juncture, with wholesalers being significantly impacted by Pharmaceutical Benefits Sceme (PBS) reforms, and approximately 80% of distribution volumes now generating a margin of less than $1 given there has been no effective increase in wholesaler remuneration for the past five years.

EBOS, together with other members of the National Pharmaceutical Services Association (NPSA), continues to actively engage with the federal government and federal minister for health with respect to successfully resolving these matters as part of negotiations for the 7th Community Pharmacy Agreement.

The Directors have announced a final dividend of NZ 37 cents per share, which takes full-year dividends to NZ 71.5 cents per share, an increase of 4.4% on the prior year. The full details relating to the dividend are included in the Financial Summary section of this Annual Report.

The Future

Throughout the last financial year EBOS Group has maintained its upward momentum, while at the same time positioning itself for future growth through investment in our distribution network, acquiring new businesses and brands, securing new customers and importantly, renewing and maintaining existing customer relationships.

Our shared success reflects the effort and commitment across EBOS and we are incredibly grateful to all our staff in New Zealand and Australia for their daily contribution to our business and the communities we serve.

The investments we have made in our people, and a strong and diverse business, ensure that we are well positioned for the future and have the capabilities that will enable continued support of better healthcare and animal care across the markets in which we operate.

John Cullity
Chief Executive Officer

Mark Waller
Chairman

A message from Mark Waller

After more than 30 years with the company I have made the decision to retire as Chairman of EBOS Group effective 15 October 2019.

I am immensely proud of the time I have spent with this company having joined EBOS in March 1984 and then becoming CEO in 1987 when it was a small player in the New Zealand healthcare industry with annual revenue of approximately NZ$8 million.
It would be fair to say we embarked on an ambitious growth strategy over the subsequent years and it is with a great deal of personal satisfaction that EBOS Group is now positioned as the largest trans-Tasman healthcare and animal care company.

I've enjoyed the challenge and opportunity tremendously and I feel it is now the right time to retire. Above anything else my greatest enjoyment has been gained through the people I have worked with over the many years and I wish the future Chairman and Board, Executive and Staff across New Zealand and Australia all the very best and I look forward to seeing the company continue to grow from strength to strength.

Mark Waller
Chairman

All figures in Australian dollars unless otherwise stated.

EBOS Group thanks Mark Waller

On 15 October 2019, EBOS Group Chairman Mark Waller will retire after more than 30 years service with the Company.

Mr Waller joined EBOS in March 1984 as its Chief Financial Officer before assuming the position of Chief Executive Officer in 1987 during a challenging period for the Company. At that time, EBOS was a very small player in the New Zealand healthcare industry, with annual revenues of approximately NZ$8 million primarily from marketing and distributing surgical and dental supplies under license from manufacturers.

Facing significant pressure from larger competitors and multi-national corporations, Mr Waller sought to create a business that followed customers over their lifetime and drove a culture that attracted some of the best and brightest minds in the industry.

Over the next 27 years, he led the Group on an ambitious yet disciplined growth strategy, overseeing many successful mergers and acquisitions, including the purchase of Symbion in 2013 for NZ$1.1 billion, and significantly increasing the Group's presence in Australia. Under his leadership, EBOS Group grew to become the largest Trans-Tasman healthcare and animal care company with revenues in excess of NZ$6 billion.

After handing over the reins as CEO in 2014, Mr Waller assisted EBOS in an advisory role focussed on acquisition projects before assuming the position of Group Chairman in 2015.

During his career Mark has received many business accolades including receiving the Chief Executive of the Year Award at the Deloitte 200 Awards in 2011 and was the recipient of the Leadership Award at the INFINZ Industry Awards in 2014. Mark received the ultimate recognition for his significant contribution to New Zealand business with his induction into the New Zealand Business Hall of Fame in August 2019.

Mr Waller will depart EBOS Group acknowledged as a warm and personable leader and a pivotal figure who was central to the Group's sustained and significant growth in shareholder value.

On behalf of his fellow Directors, staff and shareholders, we extend our sincere thanks to Mr Waller for his significant contribution to the Group over more than 30 years. We wish him all the best for his well earned retirement.

"Mr Waller will depart EBOS Group acknowledged as a warm and personable leader and a pivotal figure who was central to the Group's sustained and significant growth in shareholder value."

Our commitment is to supporting great community health outcomes across Australia and New Zealand.

TerryWhite Chemmart pharmacy

EBOS Group Overview

Healthcare

Community Pharmacy

symbion

ProPharma

PWR
PHARMACY WHOLESALERS RUSSELLS

TerryWhite Chemmart
that's *real* chemistry

GOOD PRICE PHARMACY WAREHOUSE

healthSAVE pharmacy

Pharmacy Choice

Discount Cincotta Chemist
Famous for value, famous for care.

minfos

DoseAid
Medication Management Solutions

intellipharm

Institutional Healthcare

EBOS HEALTHCARE

symbion
Hospital Services

HPS

zest

onelink

CLINECT
BRINGING GLOBAL LOCAL

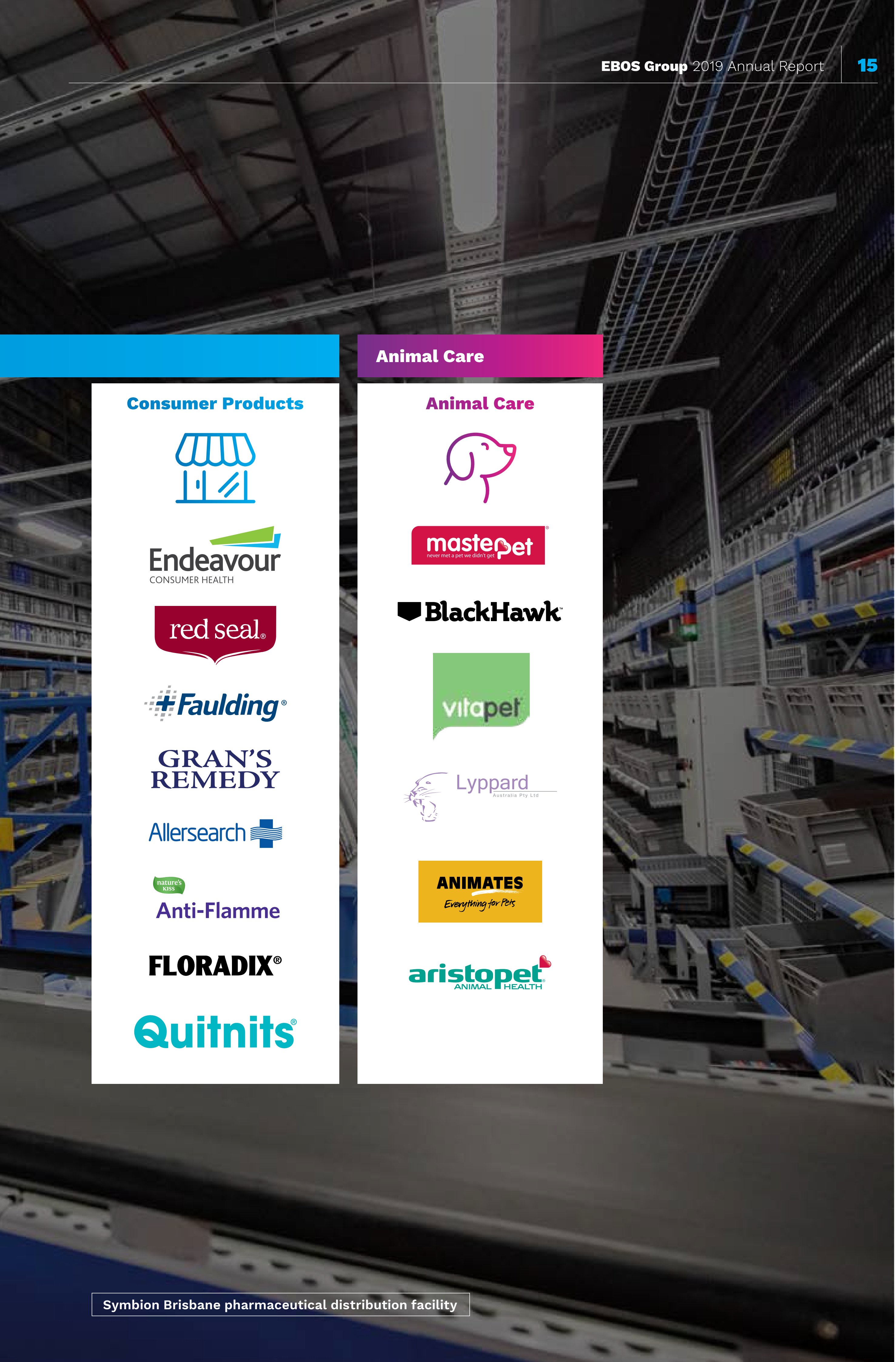
Warner & Webster

Vital Medical Supplies

Contract Logistics

HEALTHCARE LOGISTICS | CLINICAL TRIALS

STRONGER TOGETHER



Animal Care

Consumer Products

Endeavour CONSUMER HEALTH
red seal
Faulding
GRAN'S REMEDY
Allersearch
nature's kiss Anti-Flamme
FLORADIX
Quitnits

Animal Care

masterpet never met a pet we didn't get
BlackHawk
vitapet
Lyppard Australia Pty Ltd
ANIMATES Everything for Pets
aristopet ANIMAL HEALTH

Symbion Brisbane pharmaceutical distribution facility

Supporting healthcare across our markets

Healthcare

Brett Barons
CEO Symbion

Our business is founded on a simple principle – an unwavering commitment to supporting better healthcare outcomes in communities across Australia and New Zealand.

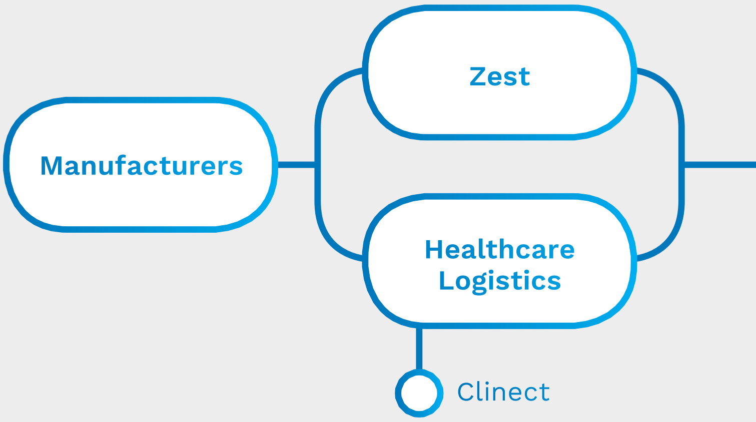
It is this commitment that is driving us to make positive impacts in the lives of more Australians and New Zealanders than ever before – supporting their wellbeing by increasing accessibility to an expansive range of medicines, therapeutic goods and other leading healthcare products.

While we remain firmly focused on the present – delivering vital medicines and healthcare products from our 34 warehouses across both countries and supporting pharmacists to succeed as clinicians and business owners every day – more than ever we are looking ahead to the future needs of an ever-changing healthcare market.

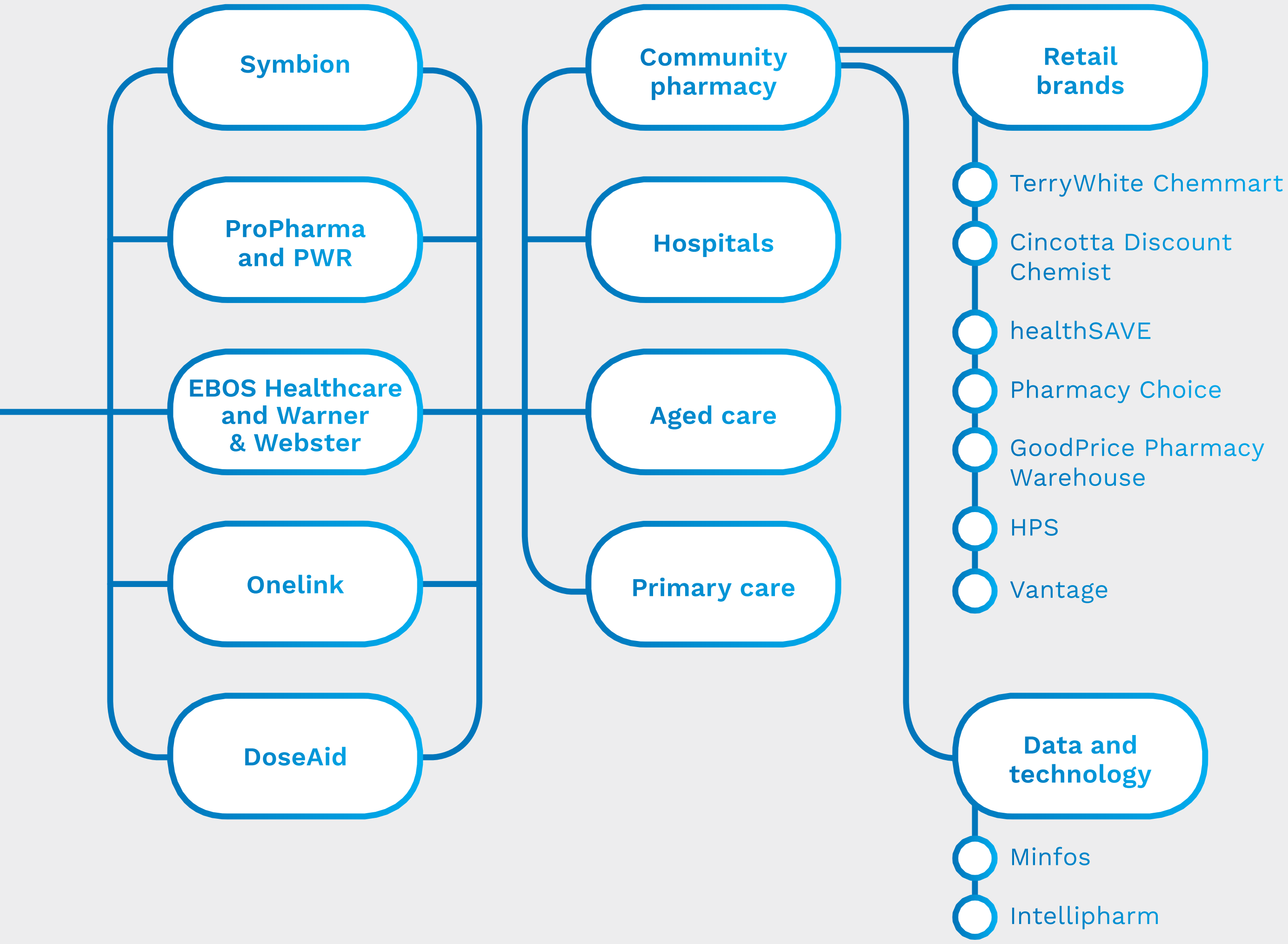
We continue to make significant investments in our people and the infrastructure and technology of tomorrow, to ensure that our commitment remains as strong in the future as it is today.

STRONGER TOGETHER

Manufacturer services



Our distribution network | Our customers | Our brands



Building leading animal care and consumer brands

Animal Care and Consumer Brands

Sean Duggan
CEO Animal Care and Consumer Brands

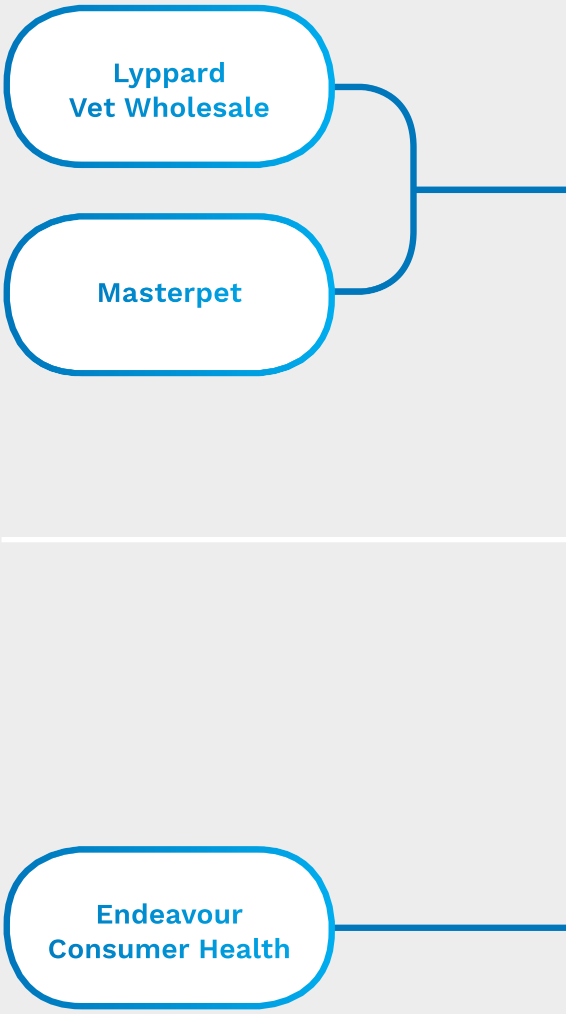
While we increasingly turn our attention to global consumer markets – especially South-East Asia – the cornerstone of our business remains our commitment to delivering trusted brands to our valued customers in Australia and New Zealand.

Our success has been underpinned by key performers Black Hawk, Vitapet and Red Seal, and we are committed to strengthening these brands further through investments in marketing, product innovation and a focus on high quality products.

In Animal Care, both the Black Hawk and Vitapet brands continue to enjoy growing support from animal lovers seeking higher quality products that are aligned to the humanisation of pets and us viewing them as part of our families. Black Hawk continues to achieve strong sales in Australia and, since launching into New Zealand, has built a strong customer base and dedicated following.

Built on a commitment to helping New Zealand families care for those they love, Red Seal's recent growth has been underpinned by uptake from major retailers in Australia and other key international markets, as we continue to drive innovation in the tea and toothpaste categories.

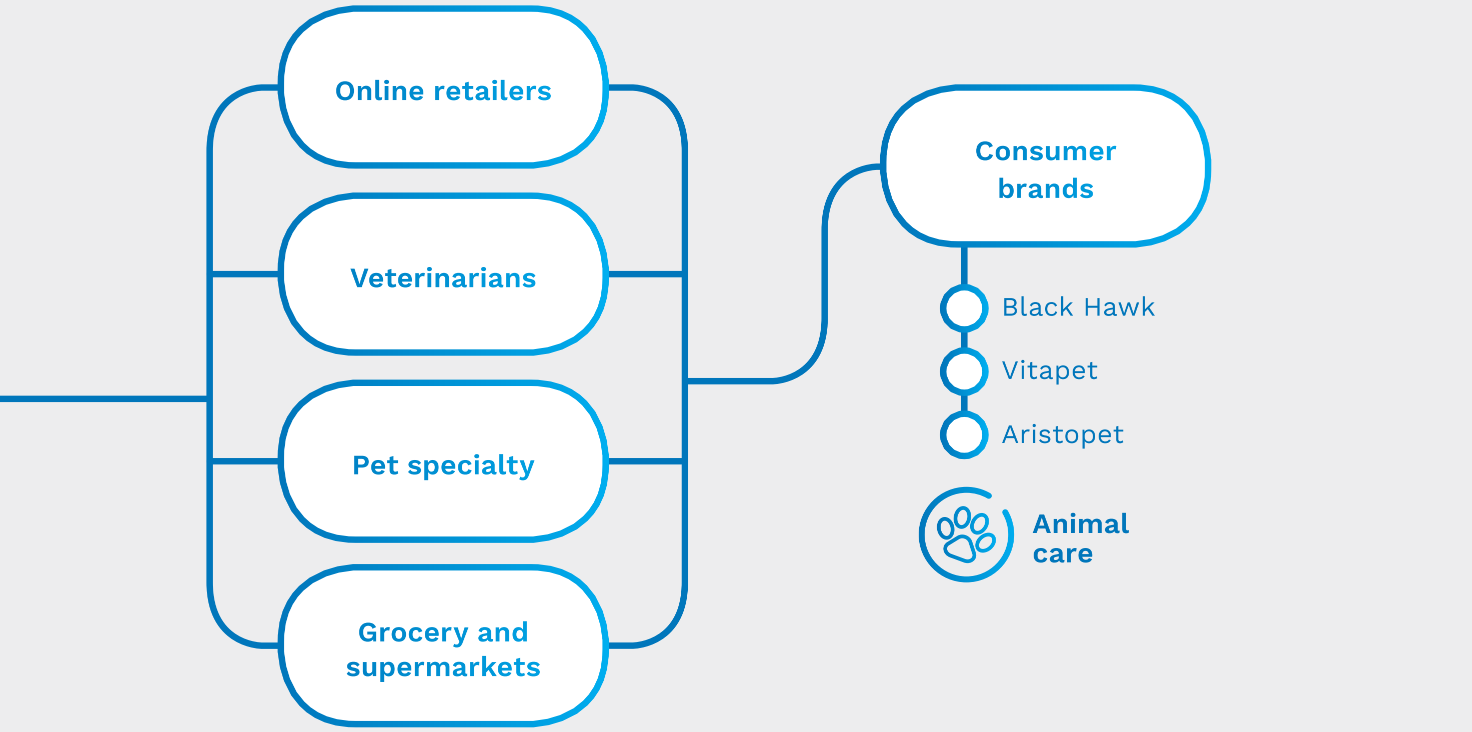
The key strength of our business remains our people – knowledgeable and passionate employees who are engaged in our journey to build great brands that add value to the lives of Australians and New Zealanders.

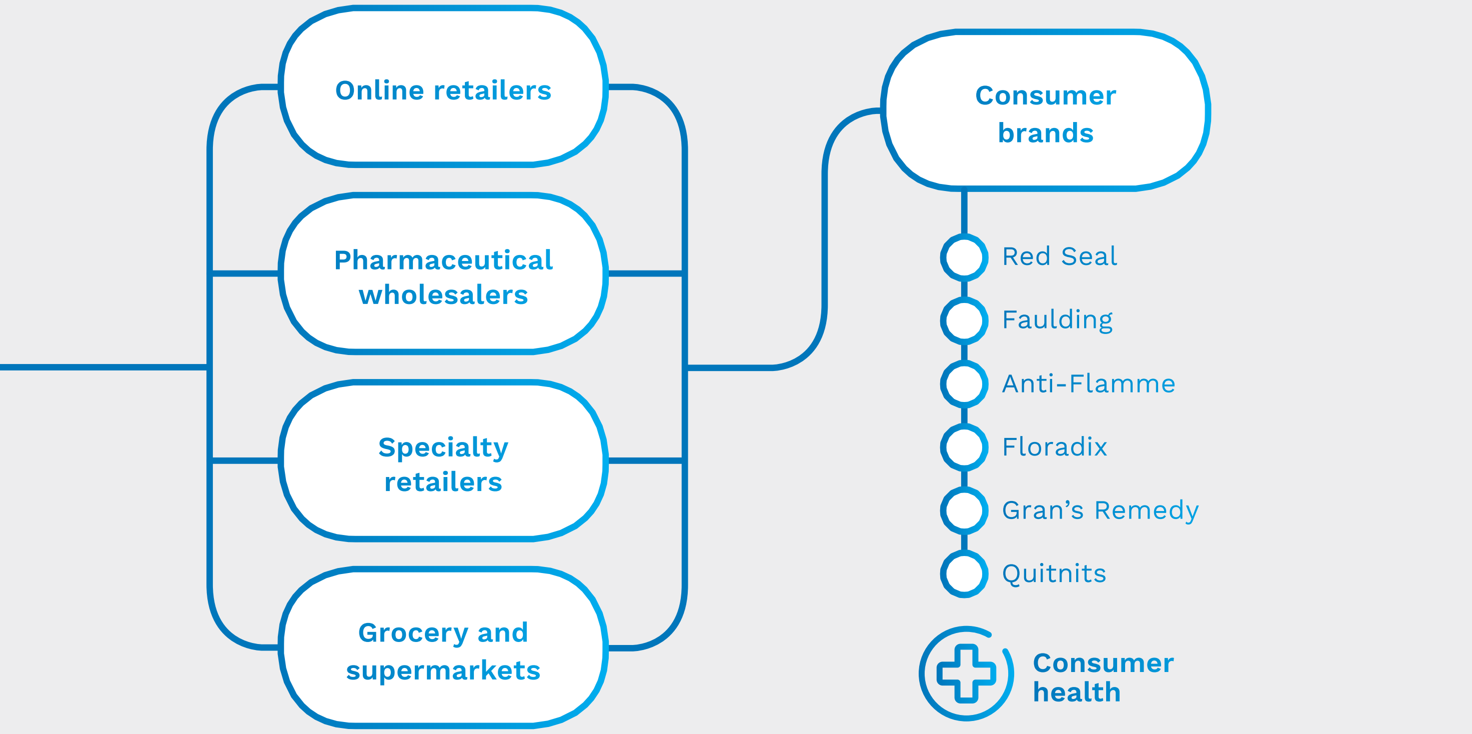


STRONGER TOGETHER

Our customers

Our brands





Business Highlights

EBOS Group is firmly committed to delivering the supply chain capabilities of tomorrow. In recent years, the Group has undertaken a major strategic investment program to strengthen the core of our business and ensure that we can support the future needs of our customers and continue to deliver great health outcomes to the community.

In total, the Group has invested $80 million in four projects across Australia and New Zealand, which will underpin the capabilities of our Healthcare business and add significant scale to our Animal Care and Consumer Brands operations.

Looking to the future, we have confidence that the new facilities we have commissioned will provide us with the capabilities, room for growth, efficiency and productivity that is demanded by our customers, while positioning us well to capture new opportunities and adapt to the ever-changing needs of local and global healthcare and animal care markets.

Australia

In the past 12 months, we have completed two major projects designed to support the future capabilities of our Healthcare business in Australia.

In October 2018, Symbion unveiled its new highly automated distribution centre in Acacia Ridge, Queensland.

Built at a cost of $59 million, the facility represents a significant investment in the Group's wholesaling capabilities and ensures that we can continue to meet the needs of Australia's ever-changing pharmaceutical market.

Earlier in 2018, the Group opened the new headquarters for its Healthcare Logistics business in Pemulwuy, New South Wales.

Designed to service the pre-wholesale market, the $15 million distribution centre will add significant scale to our operations. At 25,000m^2 – roughly the size of four soccer pitches – it has been sized for growth and is the largest facility across the Group.

These combined investments underline EBOS Group's commitment to servicing the current and future needs of Australia's healthcare market. With the Group's contract to supply Chemist Warehouse Group commencing on 1 July 2019, the additional scale and capability these facilities provide will be critical to ensuring we are equipped to handle the volumes required by this contract.

New Zealand

EBOS Group has significantly strengthened its New Zealand Healthcare business with the development of two major distribution centres to service customers across the country.

In Christchurch, the Group has recently opened a new shared facility for its wholesaling business ProPharma and institutional healthcare supplier EBOS Healthcare.

The new site provides significantly increased capacity to ensure that both businesses are equipped to handle the future demands of the New Zealand healthcare market and it has been built to best environmental practices, while also featuring enhanced protection against earthquakes.

In August 2019, the Group unveiled its second major New Zealand project – a new distribution centre in Auckland for Endeavour Consumer Health.

The facility represents the consolidation of six separate locations and will enable more streamlined stock management and increased delivery efficiencies for customers. Built at a cost of $4 million, the 10,000m^2 facility will house Red Seal toothpaste manufacturing operations, as well as providing significant storage capacity for healthcare and consumer products.

> **“Looking to the future, we have confidence that the new facilities we have commissioned will provide us with the capabilities, room for growth, efficiency and productivity that is demanded by our customers.”**

TerryWhite Chemmart – that's *real* chemistry

Business Highlights

TerryWhite Chemmart

In late 2018, EBOS Group announced that it had acquired all minority shares in the Terry White Group (TWG) and moved to 100% ownership of TWG, which is responsible for the TerryWhite Chemmart retail pharmacy network.

Founded 60 years ago as a single owner-operated pharmacy in Queensland, TerryWhite Chemmart has since grown to become one of Australia's leading retail networks. Today, the company has a network of approximately 450 community pharmacies across the country and over two million Australians visit a TerryWhite Chemmart pharmacy each month, highlighting the enormous reach of the brand. The owner-operated pharmacies continue to deliver personalised care direct from pharmacist to customer – guided by the best selection of health products and beauty brands.

TerryWhite Chemmart maintains a strong focus on its integrated education program for pharmacists, enabling them to build on their clinical skills and knowledge. A key element of this program is TerryWhite Chemmart Masterclass, a year-round program that brings together pharmacists across the country and culminates in an annual three-day education conference.

This year's Masterclass was held in Melbourne at the end of April and was attended by over 400 pharmacists and support staff, with a focus on the critical role pharmacists play in the community, fostering quality patient experiences and better health outcomes.

The increase in access to the range of immunisations administered by pharmacists has been a key topic of the Masterclass in recent years and, so far in 2019, TerryWhite Chemmart pharmacists have administered over 250,000 flu vaccinations – a 48% increase on the previous year. Reinforcing this expanded scope of practice is a major focus for TerryWhite Chemmart.

In March 2019, the company unveiled its new brand campaign, **that's** *real* **chemistry**, with the objective of building upon the trusted relationship between pharmacists and their customers – highlighting this as a point of difference to position TerryWhite Chemmart as a frontline healthcare leader. The campaign was rolled out across traditional and digital media platforms around Australia, including TV, outdoor, press, digital and owned assets such as social media, website, electronic direct marketing, catalogues and point of sale.

EBOS Group is well positioned to achieve long-term sustainable growth for TerryWhite Chemmart and is committed to ensuring the brand continues to succeed in a competitive and constantly evolving retail pharmacy sector.

> **“TerryWhite Chemmart maintains a strong focus on its integrated education program for pharmacists, enabling them to build on their clinical skills and knowledge.”**

Business Highlights

Red Seal toothpaste and fruit tea products

Red Seal strengthens Asian presence

Red Seal's growth in global markets continued at pace in the 2018-19 financial year, highlighted by an increased presence in China, Korea and Japan, and expansion into Malaysia.

Since launching into China in 2012, Red Seal has become a brand of choice for Chinese consumers seeking high-quality health food, natural toothpaste and teas. Driven by strong marketing and New Zealand's reputation for producing quality natural health products, Red Seal is now available in more than 1,600 online stores and 4,000 bricks-and-mortar retail outlets across China.

A key part of the recent success of Red Seal has come through its deepening engagement with major e-commerce platforms including Kaola, Little Red Book, JD, VIP and Alibaba-owned Tmall. In August 2018, Red Seal took part in an event in Auckland to launch Tmall's *Amazing New Zealand* page, which showcased a range of leading New Zealand health products and was broadcast to 8.6 million consumers across the world. Tmall is the world's second largest ecommerce platform, with 500 million monthly active users and the event paid immediate dividends for Red Seal, with sales increasing by 300% in the first day following the launch of the *Amazing New Zealand* page.

Beyond China, Red Seal continues to target expansion in other key Asian markets and, in June 2018, the brand launched its range of natural toothpaste products into Malaysia.

Closer to home, Red Seal has enjoyed continued success in the Australian market, with an expanded presence in grocery stores. Driving this success are Red Seal fruit teas, which are now available in a range of flavours through both Woolworths and Coles nationally and with feedback from customers being overwhelmingly positive. In the New Zealand market, despite some intense competitive activity, Red Seal maintained its strong leadership in the natural toothpastes segment, while the popularity of Red Seal fruit teas continues to grow year on year.

Red Seal continues to be a driver of significant global and local success for EBOS Group and the brand has a strong future as consumers increasingly gravitate towards trusted natural health products.

Black Hawk driving better animal nutrition across key markets

The 2019 financial year has been another exciting period for Black Hawk, headlined by strong sales growth and the expansion of its range of Original and Grain Free dog and cat food products.

The brand's continued success is driven by its philosophy of creating better relationships between pets and people. This has seen it consolidate its position as a leading premium animal care brand in Australia and New Zealand, while underpinning expansion into new markets across South-East Asia.

The Black Hawk commitment to ensuring pet owners understand the importance of great food saw the brand come face-to-face with pet owners at dog parks, beaches and other high-traffic areas across Australia as part of its caravan tour. This tour provided people with samples of Black Hawk products and drove engagement with the Black Hawk DogCheck™ tool, which enables pet owners to check their dog's weight against an ideal target range.

Black Hawk continues to forge strong partnerships with key advocates for the brand across Australia and New Zealand. Breeders have enjoyed multiple 'Best in Show' successes after switching to Black Hawk products and these relationships, along with those with vets, retail staff and other advocates, play an important role in strengthening the Black Hawk credentials and building consumer confidence.

The company has also proudly partnered with New Zealand Land Search and Rescue Inc. (LandSAR) as the official feeding partner for the organisation's search and rescue dogs.

LandSAR is a national volunteer organisation providing land search and rescue services to the police and public of New Zealand. Black Hawk is proud to provide its specialised Working Dog formula to LandSAR, which will ensure its dogs have access to quality nutrition that will give them the energy they need to succeed in often challenging search and rescue environments.

A member of LandSAR's search and rescue pack, *Rocket*

"Black Hawk continues to forge strong partnerships with key advocates for the brand across Australia and New Zealand."

Community

Christchurch tragedy

We were shocked and saddened by the act of terrorism that took place in Christchurch, New Zealand on Friday 15 March 2019. It is always difficult to comprehend events such as this when they take place anywhere in the world, but when they occur so close to home, the impact is far more profound.

EBOS Group has a strong connection with Christchurch – many of our businesses operate there and our origins can be traced to the Christchurch-based Early Brothers Trading Co. Ltd of the early 1920s.

The events of 15 March required a rapid, coordinated response across all of our Christchurch sites to ensure the safety of our staff and the continued supply of critical medicine deliveries to our customers. The picking and delivery of orders to our ProPharma customers in Christchurch and Nelson was redirected to other distribution centres so that staff could either remain at home, or head home when it was safe to do so. In addition, the Group established a support phone line for staff requiring assistance during and after the terrorist incident.

In the aftermath, EBOS Group – on behalf of staff and shareholders – made the decision to support the Christchurch Foundation's 'Our People, Our City' fund to assist in meeting the short-and long-term needs of the families most affected by the tragedy.

The event is a sad reminder that there are those out there who seek to divide with acts of unspeakable horror. However, the response and solidarity shown by local and global communities should give us great hope that Christchurch can grow stronger as a result. And that's something we're proud to be a part of.

"The response and solidarity shown by local and global communities should give us great hope that Christchurch can grow stronger as a result."

Business Overview
Financials
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Directors' Interests & Disclosures
Directory

Social Responsibility

EBOS Group is committed to social responsibility across Australia and New Zealand. We are committed to being good corporate citizens and our actions reflect in the positive impacts in the communities where we operate.

We maintain a strong commitment to operating our business in line with best environmental practice and supporting a variety of charitable initiatives, including our Match-Funding program, which supports staff who take part in charitable events or fundraisers by matching their donations.

In the 2018-19 financial year, EBOS Group supported 14 charities through the Match-Funding program and 17 charities in total. Some of the key highlights from our Social Responsibility program are detailed below.

41,000
trees planted

2,344m²
of solar panels installed

Offsetting our carbon emissions

We are pleased to report that in the 2019 financial year, EBOS Group offset 100% of the carbon emissions associated with its fleet of vehicles across Australia and New Zealand. This was achieved thanks to our continued partnership with Trans-Tasman not-for-profit organisation Greenfleet, and sees the Group contribute to planting approximately 41,000 trees annually to offset almost 11,000 tonnes of carbon emissions.

The Group has taken measures to offset its environmental impact through the installation of solar panels at its new distribution centres in New South Wales and Queensland. In total, 2,344 square metres of panels have been installed, covering an area approximately the size of six basketball courts.

TerryWhite Chemmart and Ovarian Cancer Australia

Over the past 13 years, TerryWhite Chemmart has raised more than $1.4 million for Ovarian Cancer Australia (OCA) through holding morning teas, cake stalls and other fundraising events across its extensive community pharmacy network.

$1.4m
raised for Ovarian Cancer Australia through morning tea fundraising

EBOS Healthcare immunisation program

EBOS Healthcare is a strong supporter of the annual influenza vaccination initiative coordinated by the Immunisation Coalition of Australia.

In 2019, this has seen around 1,000 people receive free flu vaccines at two public events in Melbourne, with EBOS Healthcare a key contributor through the donation of vaccines for the event.

1,000
free flu vaccines administered

An unwavering commitment to quality ensures our brands are trusted by pet owners across Australia and New Zealand.


vitapet
BlackHawk
Every ingredient matters

Our Board

1. Mark Waller

Independent Chairman
BCOM, FACA, FNZIM, CMinstD

Mark Waller was appointed as Chairman of the Board in October 2015 and was formerly the Chief Executive and Managing Director of EBOS Group Limited from 1987 to 30 June 2014. He is a member of the Audit and Risk Committee and Chairman of the Remuneration Committee. He is also a director of EBOS Group Limited subsidiaries. Mark was the recipient of the Leadership Award at the INFINZ Industry Awards in May 2014 and the Chief Executive of the Year Award at the Deloitte 200 Awards in 2011. In August 2019 Mark was inducted into the New Zealand Business Hall of Fame.

2. Elizabeth Coutts

Independent Director
ONZM, BMS, FCA

Elizabeth Coutts was appointed to the EBOS Group Limited Board in July 2003. She is Chairman of the Audit and Risk Committee and a member of the Remuneration Committee. She is Chair of Ports of Auckland Ltd, Urwin & Co Limited, Oceania Healthcare Ltd and Skellerup Holdings Limited, Director of Tennis Auckland Region Incorporated and Member, Marsh New Zealand Advisory Board.

Elizabeth is a former Chairman of Meritec Group, Industrial Research, and Life Pharmacy Limited, former director of Air New Zealand Limited, the Health Funding Authority, Sanford Limited and the Yellow Group of Companies, former Deputy Chairman of Public Trust, former board member of Sport NZ, former member of the Pharmaceutical Management Agency (Pharmac), former Commissioner for both the Commerce and Earthquake Commissions, former external monetary policy adviser to the Governor of the Reserve Bank of New Zealand, immediate past President of the Institute of Directors Inc. and former Chief Executive of the Caxton Group of Companies.

3. Peter Williams

Peter Williams was appointed to the EBOS Group Limited Board in July 2013. Peter has been an executive of The Zuellig Group since 2000. Peter is a director of Pharma Industries Limited, Green Cross Health Limited and CB Norwood Pty Ltd. He is also a director of Cambert, a company marketing health and personal care products in South-East Asia.

4. Stuart McGregor

BCOM, LLB, MBA

Stuart McGregor was appointed to the EBOS Group Limited Board in July 2013. He is a member of the Audit and Risk Committee. Stuart was educated at the University of Melbourne and the London School of Business Administration, gaining degrees in Commerce and Law. He also completed a Master of Business Administration at the University of Melbourne. Currently Stuart is Chairman of Donaco International Limited, an ASX-listed company. He is also director of Symbion Pty Ltd and other EBOS Group subsidiaries.

Over the last 30 years, Stuart has been Company Secretary of Carlton United Breweries, Managing Director of Cascade Brewery Company Limited in Tasmania and Managing Director of San Miguel Brewery Hong Kong Limited. In the public sector, he served as Chief of Staff to a Minister for Industry and Commerce in the Federal Government and as Chief Executive of the Tasmanian Government's Economic Development Agency. He was formerly a director of Primelife Limited from 2001 to 2004.

5. Sarah Ottrey

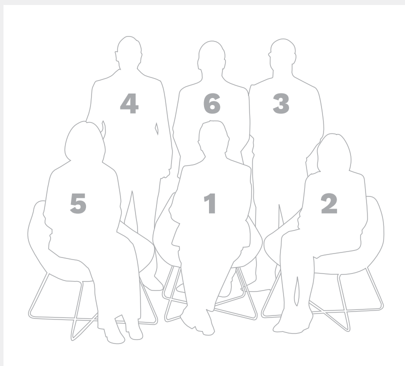
Independent Director
BCOM

Sarah Ottrey was appointed to the EBOS Group Limited Board in September 2006. She is a member of the Remuneration Committee. Sarah is a director of Whitestone Cheese Limited, Skyline Enterprises Limited and subsidiaries, Mount Cook Alpine Salmon Limited, Christchurch International Airport Ltd and Sarah Ottrey Marketing Limited. She is a past board member of the Public Trust and the Smiths City Group. Sarah has held senior marketing management positions with Unilever and Heineken.

6. Stuart McLauchlan

Independent Director

Stuart McLauchlan was appointed to the EBOS Group Limited Board in July 2019. Stuart is a Chartered Fellow of the Institute of Directors and a Past President. He is a chartered accountant, partner of GS McLauchlan & Co, and a Fellow of the New Zealand Institute of Chartered Accountants. He is currently Chairman of Scott Technology Limited and ADInstruments Ltd. He is a director of Ngai Tahu Tourism Ltd, UDC Finance Ltd and Argosy Properties Ltd as well as a number of private companies. He is also a governor of the New Zealand Sports Hall of Fame.



Financial Summary

EBOS has delivered a solid year in underlying earnings and a strong cash flow result.

Group revenue was broadly in line with last year at $6.9 billion, negatively impacted by a $425 million combined impact of the further reduction in hepatitis C medicine sales and the impact of Government PBS reforms. Revenue growth excluding these impacts was 5.7%, driven by growth in our core businesses.

During the year the business completed several strategic acquisitions, transitioned into two new distribution facilities in Brisbane and Sydney and announced it was successful in signing an agreement with the CWG to be the exclusive wholesale distributor of pharmaceuticals from FY20.

In FY19, the Group's statutory results were negatively impacted by net non-recurring charges of $11.2 million ($6.7 million after tax) relating to M&A costs, costs incurred in rationalising warehousing facilities and employee redundancy costs. For clarity, the comparative results below are shown on both an underlying and reported (statutory) basis.

Underlying Earnings Before Net Finance Costs, Tax, Depreciation and Amortisation (EBITDA) of $261.6 million grew by $11.6 million, representing an increase of 4.6%. Reported EBITDA of $250.4 million was slightly ahead of last year.

Underlying Net Profit After Tax (NPAT) attributable to shareholders increased by 5.2% to $144.4 million. Reported NPAT increased by $0.4 million on the prior year to $137.7 million.

Healthcare

The Healthcare segment generated a 4.6% increase in Underlying EBITDA on sales revenue that was 0.9% lower to last year.

The Australian business recorded a decline of 3.5% in revenue, although Underlying EBITDA grew 5.7%. The revenue decline was driven by a $257 million reduction in hepatitis C medicine sales and the impact of PBS price reforms of $168 million. EBITDA growth was assisted from strong growth in our Institutional Healthcare and Contract Logistics business units.

The New Zealand Healthcare operations again delivered solid revenue growth of 8.7% with EBITDA marginally ahead of last year. FY19 EBITDA growth was impacted by cost increases in labour and freight in our wholesale businesses.

Animal Care

The Animal Care segment recorded EBITDA growth of 5.7% for the year as the business continues to benefit from the excellent performance of our branded products. Full year Black Hawk sales increased 11.4% with strong growth achieved across both Australia and New Zealand. Black Hawk remains one of Australia and New Zealand's fastest growing premium pet food brands with leading market positions in the pet specialty retail channel.

Total Animal Care revenue growth of 1.0% was impacted by a decline in our Lyppard wholesale business as a result of the decision of an animal health manufacturer to bypass the wholesale channel, which affected revenue by approximately $21 million. Notwithstanding this, Lyppard strengthened its market presence with the acquisition of Therapon in November 2018, a Victoria-based veterinary wholesale business.

Acquisitions completed

During the year EBOS invested $93.6 million in strategic acquisitions, which included the following transactions:

- The acquisition of all minority shares in TWG.
- The acquisition of Warner & Webster, a medical and surgical supplies wholesaler servicing Victoria and South Australia.
- The acquisition of Therapon, a Victoria-based Veterinary distribution business.
- The acquisition of Quitnits, a leading, trusted head lice products business in Australia.

Operating Cash Flow, Net Debt and Return on Capital Employed

Operating cash flow before capital expenditure was solid at $118.5 million. The investment in working capital of $51 million for the year primarily reflects the further reduction in the cash benefit of the Group's hepatitis C business and the investment in inventory required ahead of commencement of trading with CWG on 1 July 2019.

Net Capital expenditure for the year was $26.6 million and primarily comprised final payments on the new distribution facility in Brisbane and other improvements across the Symbion warehouse network in preparation for the increased volumes from CWG stores.

In May 2019, the Group successfully raised NZ$175 million in new capital. Funds received from the equity raising have initially been used to repay bank debt, and are expected to be deployed from FY20 on strategic acquisitions and organic growth opportunities.

As a result of the debt repayment, the Group's Net Debt/EBITDA ratio at 30 June 2019 decreased to 1.41x.

Return on Capital Employed (ROCE) of 15.9% declined marginally from June 2018 (-0.4%), reflecting the higher investment in net working capital.

Dividends

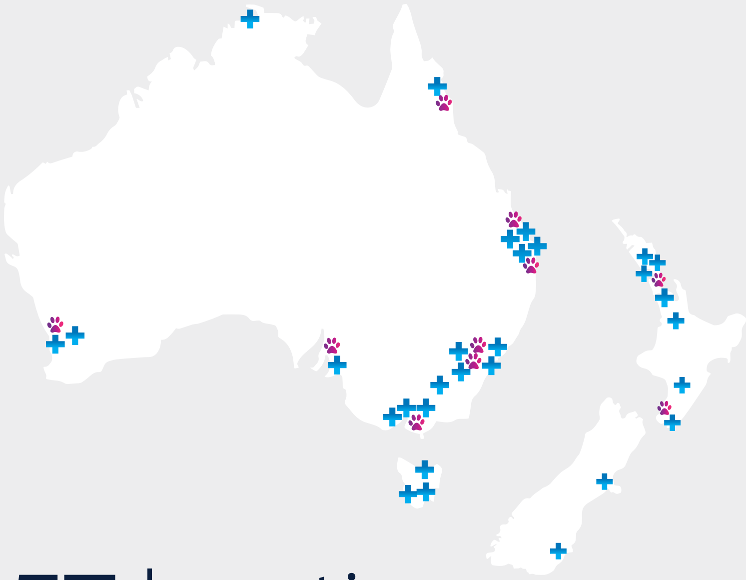
The Directors are pleased to announce a final dividend of NZ 37 cents per share, which takes full year dividends to NZ 71.5 cents per share, an increase of 4.4% on the prior year.

The record date for the final dividend is 27 September 2019 and the dividend will be paid on 11 October 2019. The final dividend will again be imputed to 25% for New Zealand tax resident shareholders and will be fully franked for Australian tax resident shareholders. The Board confirms that the Dividend Reinvestment Plan (DRP) will be operational for the final dividend, and shareholders can elect to take shares in lieu of a dividend at a discount of 2.5% to the volume weighted average price (VWAP).

Outlook

EBOS recorded a strong underlying financial performance in FY19 and the Group is confident of a significant increase in earnings in FY20.

A performance update will be provided to shareholders at the Annual Meeting on 15 October 2019.



57 locations in Australia and New Zealand

EBOS Group is trusted to deliver when care is needed most.


DoseAid
Medication Management Solutions

Financial Report

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Key judgements and other judgements made

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Directors' Responsibility Statement

The Directors of EBOS Group Limited are pleased to present to shareholders the financial statements for EBOS Group Limited and its controlled entities (together the 'Group') for the year to 30 June 2019.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Group as at 30 June 2019 and the results of their operations and cash flows for the year ended on that date.

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

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

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

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

Mark Waller
Chairman

Elizabeth Coutts
Director

21 August 2019

Independent Auditor's Report to the Shareholders

Deloitte.

Report on the Audit of the Consolidated Financial Statements

Opinion	We have audited the consolidated financial statements of EBOS Group Limited and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 30 June 2019, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements, on pages 42 to 91, present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2019, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').
Basis for Opinion	We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Other than in our capacity as auditor and the provision of advisory services and taxation services, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impacted our independence as auditor of the Company and Group.
Audit Materiality	We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group which, in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Group financial statements as a whole to be AUD9.6m.
Key Audit Matters	Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Goodwill and Indefinite Life Intangible Asset Impairment Assessment	
The Group has $947m of goodwill and $124m of indefinite life intangible assets, including brands of $96m, on the balance sheet at 30 June 2019 as detailed in note B1 to the financial statements. The carrying values of goodwill and brands are dependent on the future cash flows expected to be generated by the underlying businesses, and there is a risk if these cash flows do not meet the Group's expectations that the assets may be impaired. The Group tests goodwill and brands at least annually by determining the recoverable amount (the higher of value-in-use or fair value less costs to sell) of the individual assets where possible, or otherwise the cash-generating units (CGUs) to which the assets belong and comparing the recoverable amounts of the assets to their carrying values. The impairment assessment models prepared by the Group contain a number of significant assumptions. Changes in these assumptions might lead to a change in the carrying value of indefinite life intangible assets and goodwill. The Group has assessed the recoverable amount of brands based on fair value using the relief from royalty method. The key assumptions applied in the above models are: • annual revenue and expense growth rates for the five-year forecast period; • pre-tax discount rates; • royalty rates; and • terminal growth rates. The Group has assessed the recoverable amount of each cash-generating unit ('CGU') or group of CGUs to which goodwill has been allocated based on value-in-use models. The key assumptions applied in the value-in-use models are: • annual revenue and expense growth rates for the five-year forecast period; • pre-tax discount rates; and • terminal growth rates. We have included the impairment assessments of goodwill and brands as a key audit matter due to the significance of the balances to the financial statements and the level of judgement applied by the Group in determining the key assumptions used to determine the recoverable amounts.	We considered whether the Group's methodology for assessing impairment is compliant with NZ IAS 36: *Impairment of Assets*. We focused on testing and challenging the suitability of the models and reasonableness of the assumptions used by the Group in conducting their impairment reviews. Our procedures included: • agreeing a sample of future cash flows to Board-approved forecasts; • challenging the reliability of the Group's revenue and expense growth rates by comparing the forecasts underlying the growth rates to historical forecasts and actual results of the underlying businesses (where applicable); and • assessing the reasonableness of key assumptions and changes to them from previous years. We used our internal valuation specialists to assist with evaluating the models and challenging the Group's key assumptions. The procedures of the specialist included: • evaluating the appropriateness of the valuation methodology; • testing the mathematical integrity of the models; • evaluating the Group's determination of the pre-tax discount rates and royalty rates used in the models through consideration of the relevant risk factors for each CGU, the cost of capital for the Group, and market data on comparable businesses; and • comparing the terminal growth rates to market data for the industry sectors. We evaluated the sensitivity analysis performed by management to consider the extent to which a change in one or more of the key assumptions could give rise to impairment in the goodwill and indefinite life intangible assets.

Other Information

The Directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on Use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Paul Bryden, Partner
For Deloitte Limited
Christchurch, New Zealand

21 August 2019

Symbion Brisbane pharmaceutical distribution facility

Financial Statements

Consolidated Income Statement

The Consolidated Income Statement presents income earned and expenditure incurred by EBOS Group during the financial year in determining profit.

For the financial year ended 30 June 2019	Notes	2019 A$'000	2018 A$'000
Revenue	A1(a)	6,930,360	6,986,731
Income from associates	F2	4,203	4,140
Profit before depreciation, amortisation, net finance costs and tax expense (EBITDA)		250,410	250,052
Depreciation	A1(b)	(16,438)	(16,210)
Amortisation	A1(b)	(15,623)	(15,689)
Profit before net finance costs and tax expense		218,349	218,153
Finance income		1,927	1,631
Finance costs		(27,261)	(22,502)
Profit before tax expense		193,015	197,282
Tax expense	A3	(56,288)	(58,013)
Profit for the year		136,727	139,269
Profit for the year attributable to:			
Owners of the Company		137,700	137,274
Non-controlling interests		(973)	1,995
		136,727	139,269
Earnings per share:			
Basic (cents per share)	A4	89.8	90.4
Diluted (cents per share)	A4	89.8	90.4

Notes to the financial statements are included on pages 48 to 91.

STRONGER TOGETHER

Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income presents profit for the year, plus gains and losses that are not recognised in the Consolidated Income Statement and instead are required to be taken directly to reserves within equity.

For the financial year ended 30 June 2019	2019 A$'000	2018 A$'000
Profit for the year	136,727	139,269
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge (losses)/gains	(9,432)	2,060
Related income tax	2,784	(588)
Movement in foreign currency translation reserve	12,013	(9,297)
	5,365	(7,825)
Items that will not be reclassified subsequently to profit or loss:		
Movement on equity instruments fair valued through other comprehensive income	370	(1,424)
Total comprehensive income net of tax	142,462	130,020
Total comprehensive income for the year is attributable to:		
Owners of the Company	143,435	128,025
Non-controlling interests	(973)	1,995
	142,462	130,020

Notes to the financial statements are included on pages 48 to 91.

Consolidated Balance Sheet

The Consolidated Balance Sheet presents a summary of the EBOS Group assets, liabilities and equity at the end of the financial year.

As at 30 June 2019	Notes	2019 A$'000	2018 A$'000
Current assets			
Cash and cash equivalents		166,620	149,869
Trade and other receivables	C1	897,796	916,861
Prepayments		9,603	9,041
Inventories	C2	723,517	535,082
Current tax refundable		83	59
Other financial assets – derivatives	G2	611	1,306
Total current assets		1,798,230	1,612,218
Non-current assets			
Property, plant and equipment	D1	174,463	112,166
Capital work in progress	D2	6,508	58,329
Prepayments		650	-
Deferred tax assets	A3(b)	54,348	48,682
Goodwill	B1(a)	947,055	893,796
Indefinite life intangibles	B1(b)	123,582	121,717
Finite life intangibles	B1(d)	46,569	58,877
Investment in associates	F2	41,074	37,009
Other financial assets		9,733	9,269
Total non-current assets		1,403,982	1,339,845
Total assets		3,202,212	2,952,063
Current liabilities			
Trade and other payables	C3	1,288,319	1,170,128
Bank loans	E3	168,307	147,149
Current tax payable		12,883	11,431
Employee benefits		40,805	40,724
Other financial liabilities – derivatives	G2	10,717	1,980
Total current liabilities		1,521,031	1,371,412

Notes to the financial statements are included on pages 48 to 91.

Consolidated Balance Sheet continued

As at 30 June 2019	Notes	2019 A$'000	2018 A$'000
Non-current liabilities			
Bank loans	E3	364,038	435,121
Trade and other payables	C3	13,941	13,484
Deferred tax liabilities	A3(b)	57,330	53,258
Employee benefits		6,612	5,944
Total non-current liabilities		441,921	507,807
Total liabilities		1,962,952	1,879,219
Net assets		1,239,260	1,072,844
Equity			
Share capital	E1	931,811	763,636
Share-based payments reserve		3,937	2,144
Foreign currency translation reserve		(10,792)	(22,805)
Retained earnings		323,635	308,499
Equity instrument fair valued through other comprehensive income		(1,054)	(1,424)
Cash flow hedge reserve		(5,206)	1,442
Equity attributable to owners of the Company		1,242,331	1,051,492
Non-controlling interests		(3,071)	21,352
Total equity		1,239,260	1,072,844

Notes to the financial statements are included on pages 48 to 91.

Consolidated Statement of Changes in Equity

The Consolidated Statement of Changes in Equity presents the components of capital and reserves of EBOS Group and explains the movements in each component during the financial year.

For the financial year ended June 2019	Notes	Share capital A$'000	Share-based payments A$'000	Foreign currency translation reserve A$'000	Retained earnings A$'000	Equity instruments fair valued through other comprehensive income reserve A$'000	Cash flow hedge reserve A$'000	Non-controlling interests A$'000	Total A$'000
Balance at 1 July 2017		763,636	466	(13,508)	264,239	-	(30)	19,357	1,034,160
Profit for the year		-	-	-	137,274	-	-	1,995	139,269
Other comprehensive income for the year, net of tax		-	-	(9,297)	-	(1,424)	1,472	-	(9,249)
Payment of dividends	E2	-	-	-	(93,014)	-	-	-	(93,014)
Share-based payments		-	1,678	-	-	-	-	-	1,678
Balance at 30 June 2018		763,636	2,144	(22,805)	308,499	(1,424)	1,442	21,352	1,072,844
Balance at 1 July 2018		763,636	2,144	(22,805)	308,499	(1,424)	1,442	21,352	1,072,844
Profit for the year		-	-	-	137,700	-	-	(973)	136,727
Other comprehensive income for the year, net of tax		-	-	12,013	-	370	(6,648)	-	5,735
Payment of dividends	E2	-	-	-	(99,336)	-	-	-	(99,336)
Share-based payments		-	1,793	-	-	-	-	-	1,793
Dividends reinvested	E1	5,719	-	-	-	-	-	-	5,719
Institutional placement	E1	165,493	-	-	-	-	-	-	165,493
Share issue costs	E1	(3,037)	-	-	-	-	-	-	(3,037)
Arising on acquisition of remaining non-controlling interest	B2	-	-	-	-	-	-	(46,678)	(46,678)
Transfer of non-controlling interest		-	-	-	(23,228)	-	-	23,228	-
Balance at 30 June 2019		931,811	3,937	(10,792)	323,635	(1,054)	(5,206)	(3,071)	1,239,260

Notes to the financial statements are included on pages 48 to 91.

Consolidated Cash Flow Statement

The Consolidated Cash Flow Statement presents the cash generated and used by EBOS Group during the financial year.

For the financial year ended 30 June 2019	Notes	2019 A$'000	2018 A$'000
Cash flows from operating activities			
Receipts from customers		7,032,507	7,055,426
Interest received		1,927	1,631
Dividends received from associates	F2	1,394	859
Payments to suppliers and employees		(6,834,753)	(6,813,234)
Taxes paid		(55,271)	(60,044)
Interest paid		(27,261)	(22,502)
Net cash inflow from operating activities	E5	118,543	162,136
Cash flows from investing activities			
Sale of property, plant and equipment		7,703	155
Purchase of property, plant and equipment		(27,239)	(15,838)
Payments for capital work in progress		(5,735)	(39,750)
Payments for intangible assets		(1,227)	(2,492)
Acquisition of subsidiaries	B2	(93,445)	(21,207)
Investment in other financial assets		(110)	(9,717)
Net cash (outflow) from investing activities		(120,053)	(88,849)
Cash flows from financing activities			
Proceeds from issue of shares	E1	168,175	-
Proceeds from borrowings	E5	23,077	27,077
Repayment of borrowings	E5	(74,955)	(9,003)
Dividends paid to equity holders of parent	E2	(99,932)	(91,993)
Net cash inflow/(outflow) from financing activities		16,365	(73,919)
Net increase/(decrease) in cash held		14,855	(632)
Effect of exchange rate fluctuations on cash held		1,896	(3,701)
Net cash and cash equivalents at the beginning of the year		149,869	154,202
Net cash and cash equivalents at the end of the year		166,620	149,869

Notes to the financial statements are included on pages 48 to 91.

Notes to the consolidated financial statements

For the financial year ended 30 June 2019.

Introducing this report

The notes to the financial statements include information that is considered relevant and material to assist the reader in the understanding of the financial performance and financial position of EBOS Group.

Information is considered relevant and material if:

- The amount is significant because of its size and nature.
- It is important to assist the readers understanding of the results of EBOS.
- It helps to explain to the reader the changes in the business and/or operations of EBOS.
- It relates to an aspect of operations that is important to the future performance of EBOS.

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

Basis of preparation

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

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

EBOS is a Tier 1 for-profit entity in terms of the New Zealand External Reporting Board Standard A1.

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

The financial statements have been prepared 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.

The information is presented in thousands of Australian dollars, unless otherwise stated.

Critical accounting estimates and judgements

In the process of applying the Group's accounting policies and the application of accounting standards, EBOS has made a number of judgements and estimates. The estimates and underlying assumptions are based on historic experience and various other factors that are considered to be appropriate under the circumstances. Therefore, there is an inherent risk that actual results may subsequently differ from the estimates made.

These 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 and estimates that are considered material to understanding the performance of EBOS are found in the relevant notes to the financial statements. Key judgements have been made in regard to assumptions that support the impairment assessment for goodwill and indefinite life intangibles (note B1) and the identification and valuation of intangibles recognised on acquisitions (note B2).

Introducing this report continued

Basis of consolidation

The EBOS Group financial statements comprise the financial statements of EBOS Group Limited, the parent company, combined with all the entities that comprise the Group, being its subsidiaries (listed in note F1) and its share of associate investments (listed in note F2). The financial statements of the members of the Group, including associates, are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated on the date on which control is obtained to the date on which control is lost. 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.

Presentation currency – change in accounting policy

The Group's revenues, profits and cash flows are primarily generated in Australian dollars (AUD) and are expected to remain principally denominated in AUD in the future. Effective from 1 July 2017, the Group changed the currency in which it presents its financial statements from New Zealand dollars (NZD) to AUD in order to better reflect the underlying performance of the Group. A change in presentation currency is a change in accounting policy which, is accounted for retrospectively.

Statutory financial information included in the Group's financial statements for the year ended 30 June 2018, previously reported in NZD, has been restated into AUD using the procedures outlined below:

- Assets and liabilities denominated in currencies other than AUD were translated into AUD at the closing rates of exchange on the last day of the relevant accounting period.
- Revenues and expenses in currencies other than AUD were translated into AUD at the transaction date rate.
- Share capital and reserves were translated at the historic rates prevailing at the transaction dates.
- In each case, the rates of exchange were consistent with those used by the Group in the relevant accounting period.

In undertaking the translation of financial statements into an Australian dollar presentation currency, it was determined that goodwill associated with the Symbion acquisition in Australia in 2013, previously denominated in New Zealand dollars, should be denominated in Australian dollars as it aligns with the functional currency of the underlying operations of the acquired entity. Comparative periods have been also adjusted to allow comparability between periods. This adjustment, (1 July 2017: $61.6m and 30 June 2018: $43.6m), impacted the balance sheet only, with decreases to goodwill and equity balances, with no impact on the income statement or cash flow statement in the comparative period.

The Directors have not included the original amounts and the adjustment as we consider this would not be meaningful to users of the financial statements as these financial statements are now presented in Australian dollars.

Adopting of new and revised standards and interpretations

In the current year, the Group adopted all mandatory new and amended standards and interpretations.

During the current year, NZ IFRS 9 Financial Instruments (NZ IFRS 9) and NZ IFRS 15 Revenue from Contracts with Customers (NZ IFRS 15) were adopted. A summary of the effect of the change in accounting policy and disclosures resulting from the application of these new standards is described below.

NZ IFRS 9 (2014) Financial Instruments:

In the current year, the Group has applied NZ IFRS 9 Financial Instruments (as revised in 2014), effective 1 July 2018.

NZ IFRS 9 introduced new requirements for:

1) classification and measurement of financial assets and financial liabilities;
2) impairment of financial assets; and
3) general hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

Introducing this report continued

Adopting of new and revised standards and interpretations continued

(i) Classification and measurement of financial assets and liabilities:

NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments. The standard divides all financial assets that are currently in the scope of NZ IAS 39 into two classifications – those measured at amortised cost and those measured at fair value.

Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss ('FVTPL'), or recognised in other comprehensive income ('FVTOCI').

For debt instruments the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. While for equity instruments, the FVTOCI classification is optional. The classification of a financial asset is made at the time it is initially recognised.

All financial assets and financial liabilities are initially measured at fair value. All recognised financial assets that are within the scope of NZ IFRS 9 are required to be measured subsequently at amortised cost, or at fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of those financial assets.

As a result of the adoption of this standard, financial assets previously classified as loans and receivables are now classified as amortised cost.

The Group's investment in MedAdvisor Pty Limited, previously classified as an available-for-sale financial instrument, has been reclassified as being measured at fair value through other comprehensive income. Any changes in the fair value of this investment are accumulated within the fair value reserve within equity. The investment is fair valued using its listed share price as it is traded in an active market (Australian Securities Exchange, the ASX). The Group would transfer the accumulative amount from this reserve to retained earnings if the investment is derecognised. No reclassification to profit or loss would occur upon derecognition.

The Directors believe this designation is appropriate as the investment is considered to be a long-term strategic investment by the Group. At 30 June 2019, the value of this investment was $9.6m. The investment in MedAdvisor is presented as 'Other financial assets' in the balance sheet as a non-current asset.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have such liabilities.

(ii) Impairment of financial assets:

NZ IFRS 9 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under NZ IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

NZ IFRS 9 allows a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables (refer note C1). As a result of adopting this new standard no adjustment to the loss allowance was required.

(iii) General hedge accounting:

The new general hedge accounting requirements retain the three types of hedge accounting, however, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. An assessment of the Group's current hedging relationships indicated that they qualified as continuing hedging relationships upon application of NZ IFRS 9.

No other changes on these financial statements has been recognised as a result of adopting this standard.

NZ IFRS 15 Revenue from Contracts with Customers:

NZ IFRS 15 Revenue from Contracts with Customers also became effective for the Group on 1 July 2018.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.
The Group recognises revenue when it transfers control of a product or service to a customer.
The Group has applied the modified approach on transitioning to NZ IFRS 15 and has applied the standard on initial application being 1 July 2018.
No material impact on these financial statements has been recognised as a result of adopting this standard.

Introducing this report continued

Foreign currency

Functional currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated 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 translation of monetary items, are included in the Consolidated Income Statement for the period.

Foreign operations

On consolidation, the assets and liabilities of EBOS' overseas operations are translated at the exchange rate at the reporting date. Income and expense items are translated at the average rates for the period. Exchange differences arising are recognised in the foreign currency translation reserve (in equity), 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 the exchange rate at the reporting date.

Other accounting policies

Other accounting policies that are relevant to the readers understanding of the financial statements are included throughout the following notes to the financial statements.

Section A: EBOS performance

Section Overview

This section explains the financial performance of EBOS by:

a) displaying additional information about individual items in the Consolidated Income Statement;

b) presenting further analysis of EBOS' operating segments by revenue and expenses; and

c) providing an analysis of the components of EBOS' tax balances for the year and the current imputation credit account balance.

A1. Revenue and expenses

(a) Revenue

Revenue consisted of the following items:

	2019 A$'000	2018 A$'000
Community Pharmacy	3,704,123	3,871,426
Institutional Healthcare	2,292,697	2,239,592
Contract Logistics Services	63,012	58,480
Contract Logistics Sales	454,987	395,730
Consumer Products	113,931	108,616
Interdivisional eliminations	(80,434)	(65,272)
Healthcare	6,548,316	6,608,572
Animal Care	382,044	378,159
	6,930,360	6,986,731

Recognition and measurement

Community Pharmacy and Institutional Healthcare

Revenue is derived from the supply of human healthcare products to pharmacies in Australia and New Zealand, in accordance with agreed terms with the customer. Following delivery, the customer obtains control as it has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of loss in relation to the goods.

A receivable is recognised by the Group when it loses control which is when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is made.

The transaction price may be adjusted for customers who pay their account in full, earlier than what standard credit terms would require, or for incremental costs incurred in obtaining a sales contract, which are recognised over the contractual period. Under our standard terms with customers product returns, refunds and provision for warranties provided are in accordance with local requirements. Accumulated experience has been used to determine that such returns are not significant.

A1. Revenue and expenses continued

(a) Revenue continued

Recognition and measurement

Contract Logistics

Sales: Sales consist of the sale of human healthcare products to a wide range of healthcare customers (wholesalers, pharmacies and medical centres) in accordance with agreed terms with the customer. A receivable is recognised by the Group when it loses control, which is when the goods are confirmed to be onsold by the customer, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is made.

Under our standard terms with customers product returns, refunds and provision for warranties provided are in accordance with local requirements. Accumulated experience has been used to determine that such returns are not significant.

Service fees: Revenue is derived from the provision of logistics services for a fee to overseas-based healthcare manufacturers for their operating activities in Australia and New Zealand. Service fees are typically charged for storage of manufacturer's inventory holdings and pick, pack and delivery services provided over a period of time, typically on a monthly basis, as specified within contractual rates agreed with the manufacturer.

The performance obligation is satisfied either at a point in time or over time, as applicable, at which point the right to consideration becomes unconditional, as only the passage of time is required before payment is made.

Consumer Products

Revenue is derived from the supply of EBOS' own branded human healthcare products, such as Red Seal, Faulding, Nature's Kiss, Quitnits and Floradix, to pharmacies and supermarkets in Australia and New Zealand and overseas distributors for export markets. Following delivery, the customer assumes control as it has full discretion over the manner of distribution and pricing of goods, has the primary responsibility when onselling the goods and bears the risks of loss in relation to the goods.

A receivable is recognised by the Group when it loses control which is when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is made.

The transaction price may be adjusted for customers who pay their account in full, earlier than what standard credit terms would require. Under our standard terms with customers product returns, refunds and provision for warranties provided are in accordance with local requirements. Accumulated experience has been used to determine that such returns are not significant.

Animal Care

Revenue is derived from the supply of animal care products to pet retail and vet clinics across Australia and New Zealand. Upon delivery, the customer assumes full control as it has complete discretion over the manner of distribution and pricing of goods, has the primary responsibility when onselling the goods and bears the risks of loss in relation to the goods.

A receivable is recognised by the Group when it loses control, which is when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is made.

Under our standard terms with customers product returns, refunds and provision for warranties provided are in accordance with local requirements. Accumulated experience has been used to determine that such returns are not significant.

A1. Revenue and expenses continued

(b) Expenses

Profit before tax expense has been arrived at after charging the following expenses by nature:

	2019 A$'000	2018 A$'000
One-off items [1]	(11,212)	-
Cost of sales	(6,121,500)	(6,196,382)
Writedown of inventory	(2,570)	(3,711)
Impairment gain/(loss) on trade and other receivables	341	(1,753)
Depreciation of property, plant and equipment	(16,438)	(16,210)
Amortisation of finite life intangibles	(15,623)	(15,689)
Operating lease and rental expenses	(42,796)	(39,685)
Donations	(210)	(243)
Employee benefit expense	(283,024)	(272,771)
Defined contribution plan expense	(15,985)	(14,967)
Other expenses	(207,197)	(211,307)
Total expenses	(6,716,214)	(6,772,718)

[1] One-off items comprise merger and acquisition, warehouse transition and restructuring costs incurred, $14.1m, net of a gain on the sale of excess land held, $2.9m, during the period.

Recognition and measurement

Impairment
EBOS reviews the recoverable amount of its tangible and intangible assets, including goodwill, at each balance date. If the carrying value of an asset exceeds the recoverable amount, an impairment expense is recognised in the income statement.

Tangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of future cash flows expected to be generated by the asset (value in use).

Depreciation and amortisation
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. Refer to note D1 for the useful lives used in the calculation of depreciation.

Amortisation is charged on a straight-line basis over the estimated useful life of finite life intangibles. Refer to note B1 for the useful lives used in the calculation of amortisation.

Operating lease expenses
EBOS leases certain land, buildings, plant and equipment. Operating leases are where the lessor rather than EBOS have effectively retained the substantial risk and benefit of ownership of a leased item. Operating lease payments are included in the determination of profit or loss in equal instalments over the period of the lease. Lease incentives received are recognised on a straight-line basis over the lease period.

A1. Revenue and expenses continued

Employee expenses

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement and discounted to the present value of the expected payment to the employee at balance date.

Net finance costs

Finance costs include bank interest and amortisation of costs incurred in connection with borrowing facilities. Finance costs are expensed immediately as incurred, using the effective interest method, unless they relate to acquisition and development of qualifying assets, in which case they are capitalised.

Interest income is recognised on a time-proportionate basis using the effective interest method.

A2. Segment information

(a) Reportable segments

EBOS GROUP LIMITED

Healthcare Segment
Sale of healthcare products in a range of sectors, own brands, retail healthcare, pharmacy services and wholesale activities.

Animal Care Segment
Sale of animal care products in a range of sectors, own brands, retail and wholesale activities.

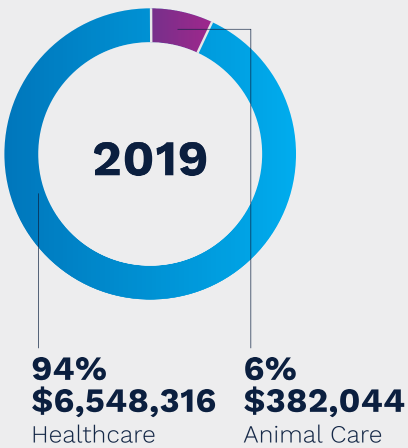
Corporate Segment
Includes net funding costs and central administration expenses that have not been allocated to the healthcare or animal care segments.

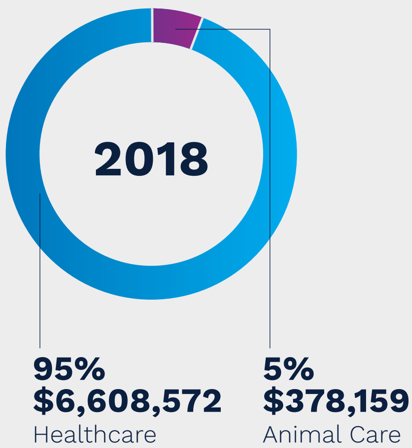
EBOS' major products and services are the same as the reportable segments, i.e. Healthcare and Animal Care, with no major products and services allocated to corporate.

(b) Segment revenues and results

The following is an analysis of EBOS' revenue and results by reportable segment:

Revenue from external customers ($'000)

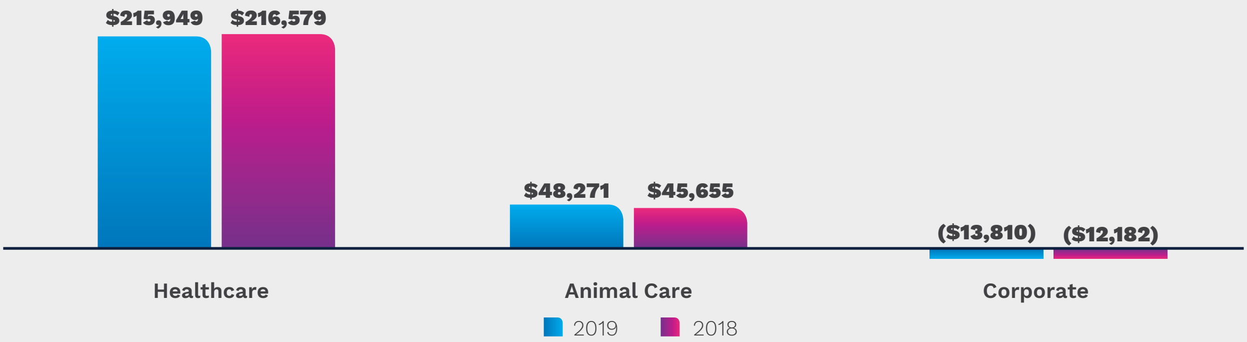




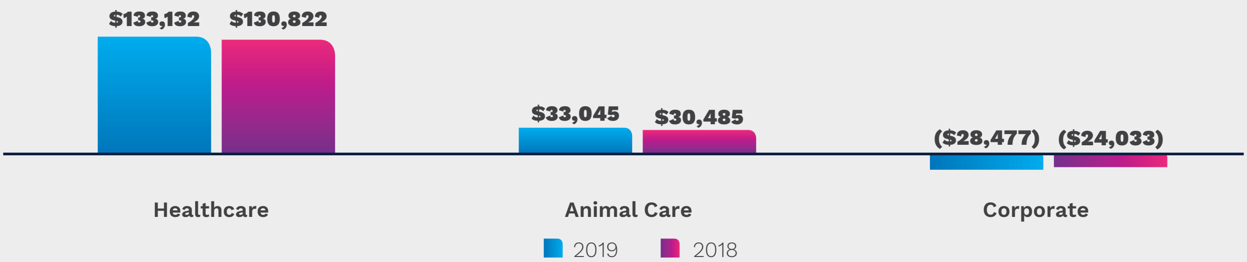
A2. Segment information continued

(b) Segment revenues and results continued

EBITDA ($'000)



Net profit/(loss) after tax for the year attributable to owners of the Company ($'000)



Associate information:

	2019 A$'000	2018 A$'000
Included in the segment results above is income from associates:		
Animal Care	3,573	3,271
Healthcare	630	869
Total income from associates	4,203	4,140

A2. Segment information continued

(b) Segment revenues and results continued

The following is an analysis of other financial information by reportable segment:

	Healthcare		Animal Care		Corporate	
	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Depreciation	(15,698)	(15,326)	(740)	(884)	-	-
Amortisation of finite life intangibles	(13,464)	(13,273)	(2,159)	(2,416)	-	-
Net finance costs	-	-	-	-	(25,334)	(20,871)
Tax (expense)/benefit	(54,628)	(55,163)	(12,327)	(11,870)	10,667	9,020

(c) Geographical information

EBOS operates in two principal geographical areas: New Zealand and Australia.

EBOS' revenue from external customers by geographical location and information about its segment assets (non-current assets), excluding financial instruments and deferred tax assets, are detailed below:

	Australia		New Zealand		Group	
	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Continuing operations						
Revenue from external customers	5,345,133	5,528,590	1,585,227	1,458,141	6,930,360	6,986,731
Non-current assets	1,014,531	973,408	294,029	280,746	1,308,560	1,254,154

(d) Information about major customers

No revenues from transactions that are with a single customer amount to 10% or more of EBOS' revenues (2018: Nil).

Recognition and measurement

The reportable segments of EBOS have been identified in accordance with NZ IFRS 8 'Operating Segments'.

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 in order to allocate resources to the segment and to assess its performance.

The accounting policies of EBOS have been consistently applied to the operating segments. Profit before depreciation, amortisation, net finance costs and tax expense (EBITDA), is the measure reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance.

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

A3. Taxation

(a) Tax expense recognised in Consolidated Income Statement

	2019 A$'000	2018 A$'000
Tax expense comprises:		
Current tax expense/(credit):		
Current year	55,602	58,858
Adjustments for prior years	(2,375)	(1,753)
	53,227	57,105
Deferred tax expense/(credit):		
Current year	1,086	(593)
Adjustments for prior years	1,975	1,501
	3,061	908
Total tax expense	56,288	58,013

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit before tax expense	193,015	197,282
Tax expense calculated at 28% (2018: 28%)	54,044	55,239
Non-deductible expenses	872	1,327
Effect of different tax rates of subsidiaries operating in overseas jurisdictions	3,001	3,263
(Over) provision of tax expense in prior years	(400)	(253)
Other adjustments	(1,229)	(1,563)
Total tax expense	56,288	58,013

The tax rates used are principally the corporate tax rates of 28% (2018: 28%) payable by New Zealand and 30% (2018: 30%) payable by Australian corporate entities on taxable profits under tax law in each jurisdiction.

A3. Taxation continued

(b) Deferred tax assets and liabilities

Taxable and deductible temporary differences arise from the following:

	2019 A$'000	2018 A$'000
Gross deferred tax liabilities:		
Property, plant and equipment	(7,425)	(3,218)
Other payables	(911)	(185)
Other financial assets – derivatives	(142)	(152)
Intangible assets	(48,852)	(49,703)
	(57,330)	(53,258)
Gross deferred tax assets:		
Property, plant and equipment	12,553	8,684
Other payables	31,998	34,680
Other financial assets – derivatives	2,843	17
Intangible assets	6,583	4,965
Tax losses carried forward	371	336
	54,348	48,682

(c) Imputation credit account balances

	2019 A$'000	2018 A$'000
Imputation credit account balances Imputation credits available directly and indirectly to shareholders of the parent company	7,573	6,986

Imputation credits allow EBOS to pass on to its shareholders the benefit of the New Zealand income tax it has paid by attaching imputation credits to the dividends it distributes, reducing shareholders' net tax obligations.

Recognition and measurement

Income tax expense is the income tax assessed on taxable profit for the year.

Taxable profit differs from profit before tax reported in the Consolidated Income Statement as it excludes items of income and expense that are taxable or deductible in other years (temporary differences), and also excludes items that will never be taxable or deductible (permanent differences).

Income tax expense components are current income tax and deferred tax.

A3. Taxation continued

Deferred tax is income tax that is expected to be payable or recoverable in the future as a result of the unwinding of temporary differences. These arise from differences in the recognition of assets and liabilities for financial reporting and for the filing of income tax returns.

Deferred tax is recognised on all temporary differences, other than those arising:

- from goodwill;
- from the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the accounting nor taxable profit or loss; and
- investments in associates and subsidiaries where EBOS is able to control the reversal of the temporary differences and such differences are not expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the year when a liability is settled or an asset realised, based on tax rates and tax laws that have been enacted or substantively enacted at balance date.

A deferred tax asset is recognised to the extent it is probable that future taxable profits will be available to use the asset. This is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in the future to utilise the deferred tax asset.

A4. Earnings per share

		Basic earnings per share		Diluted earnings per share	
		2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Earnings used in the calculation of total earnings per share	(A$'000)	137,700	137,274	137,700	137,274
Weighted average number of ordinary shares for the purposes of calculating earnings per share	No. (000's)	153,320	151,914	153,320	151,914
Earnings per share	Cents	89.8	90.4	89.8	90.4

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares on issue during the year, excluding shares held as treasury stock. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

Section B: Key judgements made

Section Overview

This section identifies the balances and transactions to which key judgements have been made by EBOS in the preparation of these financial statements. Key judgements have been made in regard to the estimates for future cash flows for goodwill and indefinite life intangibles impairment assessment purposes, and the identification of intangible assets and recognition of goodwill for business acquisitions.

B1. Goodwill and intangibles

(a) Goodwill

	2019 A$'000	2018 A$'000
Gross carrying amount		
Balance at beginning of financial year	893,796	889,259
Recognised from business acquisition during the year	43,749	14,745
Adjustment due to finalisation of acquisition in the prior year	650	(2,976)
Effects of foreign currency exchange differences	8,860	(7,232)
Net book value	947,055	893,796

Recognition and measurement

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

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of EBOS' CGUs or groups of CGUs expected to benefit from the synergies of the combination.

CGUs 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 CGU is less than its carrying amount, the impairment loss is first allocated to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis. Any impairment loss on goodwill is recognised immediately in profit or loss and is not subsequently reversed.

B1. Goodwill and intangibles continued

(b) Indefinite life intangibles

	Terry White Chemmart Brands A$'000	Other Healthcare Brands A$'000	Franchise Network A$'000	Animal Care Brands A$'000	Healthcare Trademarks A$'000	Total A$'000
Gross carrying amount						
Balance at 1 July 2017	36,550	21,160	10,954	25,180	16,392	110,236
Acquisitions through business combinations	-	12,649	-	-	-	12,649
Effects of foreign currency exchange differences	-	(390)	-	(213)	(565)	(1,168)
Balance at 30 June 2018	36,550	33,419	10,954	24,967	15,827	121,717
Effects of foreign currency exchange differences	-	961	-	248	656	1,865
Balance at 30 June 2019	36,550	34,380	10,954	25,215	16,483	123,582

Recognition and measurement

Indefinite life intangible assets represent purchased brands, trademarks and franchise network asset that are initially recognised at fair value. These intangible assets are tested annually for impairment on the same basis as for goodwill.

Judgement: useful lives of indefinite life intangible assets

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

B1. Goodwill and intangibles continued

(c) Cash-generating units

The carrying amount of goodwill and indefinite life intangibles allocated to CGUs or groups of CGUs is as follows:

	Goodwill		Indefinite life intangibles	
	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Healthcare Australia[1]	624,914	583,549	12,746	12,649
Healthcare New Zealand[2]	69,911	67,195	21,646	20,784
Healthcare: Pharmacy/Logistics NZ[3]	90,870	87,248	16,483	15,826
Healthcare: Terry White Group[4]	10,999	10,637	47,492	47,492
Animal Care[5]	150,361	145,167	25,215	24,966
	947,055	893,796	123,582	121,717

[1] Australian Consumer, Hospital, Pharmacy, Primary Healthcare sectors.
[2] New Zealand Consumer, Hospital, Primary Healthcare, Aged Care and International Product Supplies.
[3] New Zealand Pharmacy Wholesaler and Logistic Services.
[4] Australia – Terry White Group.
[5] New Zealand and Australia Animal Care.

For the year ended 30 June 2019, the Directors have determined that there is no impairment of any of the CGUs containing goodwill, brands, trademarks or the franchise network asset (2018: Nil).

Key judgement: impairment assessment assumption

The recoverable amounts of CGUs is determined on the basis of value-in-use calculations.
The recoverable amount calculations are most sensitive to changes in the following assumptions:

Revenue	Estimated by management based on revenue achieved in the period immediately before the start of the assessment period and adjusted each year for any anticipated growth.
Operating costs	Estimated by management based on current trends at the start of the assessment period and adjusted for expected changes in the business or sector in which the business operates.
Discount rates	Estimated by management based on a current market assessment of the time value of money, cost of capital and risks specific to the asset to which the cash flows generated by that asset are being assessed.

B1. Goodwill and intangibles continued

(c) Cash-generating units continued

Key estimate: value-in-use calculation

The value-in-use calculation uses cash flow projections based on financial forecasts approved by the Board and management covering a five-year period, including terminal value, and management's past experience. The following estimates were used in the value-in-use calculation:

	2019	2018
Goodwill		
Annual revenue growth rates	2.5% - 7.0%	3.5% - 7.1%
Allowance for increases in expenses	1.8% - 5.8%	3.0% - 6.7%
Pre-tax discount rates	12.3% - 13.8%	12.3% - 14.1%
Terminal growth rate	2.5%	2.5%

Key estimate: value-in-use calculation

The fair value of indefinite life intangibles has been calculated using the relief from royalty method. The following estimates were used:

Indefinite life intangibles		
Annual revenue growth rates	2.5% - 7.0%	3.8% - 7.0%
Allowance for increases in expenses	1.8% - 5.6%	3.0% - 7.0%
Royalty rate	3.0% - 11.8%	3.0% - 8.3%
Pre-tax discount rates	13.3% - 20.8%	13.2% - 17.9%
Terminal growth rate	2.5%	2.5%

Management has carried out a sensitivity analysis and believe that any reasonably possible change in the key assumptions would not cause the book value of any of the CGUs, or groups of CGUs to exceed their recoverable amount.

B1. Goodwill and intangibles continued

(d) Finite life intangibles

	Other A$'000	Customer relationships/ contracts A$'000	Total A$'000
Gross carrying amount	15,553	107,099	122,652
Accumulated amortisation and impairment	(10,388)	(53,387)	(63,775)
Balance at 30 June 2018	5,165	53,712	58,877
Gross carrying amount	19,063	106,874	125,937
Accumulated amortisation and impairment	(13,949)	(65,419)	(79,368)
Balance at 30 June 2019	5,114	41,455	46,569

Aggregate amortisation recognised as an expense during the year:

	2019 A$'000	2018 A$'000
Customer relationships and contracts	12,238	13,535
Other	3,385	2,154
	15,623	15,689

Recognition and measurement

Finite life intangible assets are recorded at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over their estimated useful life.

Judgement: useful lives of finite life intangible assets

In determining the estimated useful life of finite life intangible assets (of a period of between one and 12 years) the following characteristics have been assessed: (i) expected expansion of the usage of the assets, (ii) the typical product life cycle of these assets, (iii) the stability of the industry in which the assets are operating, and (iv) the level of maintenance expenditure required. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

B1. Goodwill and intangibles continued

(e) Goodwill and intangibles accounting policies

Accounting policies

At each balance sheet date, EBOS 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, EBOS estimates the recoverable amount of the CGU 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 (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) 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, the carrying amount of the asset (CGU) 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 (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately. Impairment losses cannot be reversed for goodwill.

B2. Acquisition information

The following material acquisitions of subsidiaries took place during the year.

Name of business acquired	Principal activities	Date of acquisition	Cost of acquisition A$'000
2019:			
100% of the business assets of Warner and Webster Pty Ltd	Healthcare	August 2018	34,353

B2. Acquisition information continued

	Carrying value A$'000	Fair value adjustment A$'000	Fair value on acquisition A$'000
Current assets			
Cash and cash equivalents	1,588	-	1,588
Trade and other receivables	5,807	(280) [1]	5,527
Prepayments	144	(50) [2]	94
Inventories	2,992	(716) [3]	2,276
Non-current assets			
Property, plant and equipment	347	-	347
Deferred tax assets	-	744 [4]	744
Current liabilities			
Trade and other payables	(5,685)	(675) [5]	(6,360)
Current tax payable	(43)	(5) [6]	(48)
Employee benefits	(537)	(51) [7]	(588)
Non-current liabilities			
Employee benefits	(235)	(167) [7]	(402)
Net assets acquired	**4,378**	**(1,200)**	**3,178**

B2. Acquisition information continued

	Carrying value A$'000	Fair value adjustment A$'000	Fair value on acquisition A$'000
Goodwill on acquisition			31,175
Total consideration			34,353
Less cash and cash equivalents acquired			(1,588)
Deferred purchase consideration			(750)
Net cash outflow from acquisition			**32,015**

Judgements made:

1. To recognise the fair value of trade and other receivables on acquisition.
2. To recognise the fair value of prepayments on acquisition.
3. To recognise the fair value of inventories on acquisition.
4. To recognise deferred tax asset balance on acquisition.
5. To recognise the fair value of trade and other payables on acquisition.
6. To recognise additional tax liability on acquisition.
7. To recognise the fair value of employee benefits on acquisition.

Recognition and measurement

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

The cost of 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 EBOS 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.

Goodwill arising on acquisition

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

WW was acquired as it is a profitable Australian healthcare distribution business, which the Group believes fits strategically with its Australian healthcare business assets.

Impact of the acquisition on the results of the Group for the period ended 30 June 2019

WW contributed $1,252,000 to the Group profit for the period. Group revenue for the period includes $36,684,000 in respect of WW. Had the WW acquisition been effective at 1 July 2018, the revenue of the Group from continuing operations would have been $6,938,436,000 and the profit for the period would have been $136,951,000.

B2. Acquisition information continued

Impact on the Consolidated Cash Flow Statement of all acquisitions during the year:

	2019 A$'000	2018 A$'000
Subsidiaries acquired		
Consideration		
Cash and cash equivalents	48,364	22,030
Deferred purchase consideration	4,347	(1,549)
Total consideration	52,711	20,481
Represented by		
Net assets acquired	8,312	8,712
Goodwill on acquisition	44,399	11,769
Total consideration	52,711	20,481
Net cash outflow on acquisition of subsidiaries and non-controlling interests		
Cash and cash equivalents consideration	48,364	22,030
Non-controlling interest	46,678	-
Less cash and cash equivalents acquired	(1,597)	(823)
Net cash consideration paid	93,445	21,207

During the period the Group also acquired the remaining equity interest in Terry White Chemmart Pty Ltd (TWC) for $46.7m. This payment represented an excess over the non-controlling interest's share of net assets of $23.2m, which has been taken directly to reserves. As the Group held a greater than 50% equity share in TWC, it was already considered to be a subsidiary of the Group.

Section C: Operating assets and liabilities used by EBOS

Section Overview

This section provides further analysis on the significant operating assets and liabilities of EBOS. These balances comprise the material net working capital balances used by EBOS to run its day to day operating activities.

C1. Trade and other receivables

	2019 A$'000	2018 A$'000
Trade receivables (i)	879,551	909,905
Other receivables	32,050	24,707
Allowance for expected credit losses (ii)	(13,805)	(17,751)
	897,796	916,861

Recognition and measurement

Trade receivables are measured on initial recognition at fair value and are subsequently carried at amortised cost. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The Directors believe that the carrying amount of trade and other receivables approximates their fair value.

(i) Trade receivables are non-interest bearing. Interest may be charged on outstanding overdue balances in accordance with the terms and conditions under which goods are supplied. Trade debtors generally have terms of 30 days.

(ii) **Provision for expected credit losses**

	Current A$'000	30–60 days A$'000	60–90 days A$'000	90+ days A$'000	Total A$'000
Trade receivables – total	807,688	53,372	8,933	9,558	879,551
Provision for expected credit losses – total	(533)	(864)	(3,463)	(8,945)	(13,805)

C1. Trade and other receivables continued

Recognition and measurement

The Group recognises a loss allowance for expected credit losses ('ECL') on trade receivables. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group measures the provision for ECL using the simplified approach to measuring ECL, which uses a lifetime expected loss allowance for all trade receivables. The Group determines lifetime ECLs for groups of trade receivables with shared credit risk characteristics. Groupings are based on customer, trading terms and ageing.

An ECL rate is determined based on the historic credit loss rates for the Group, adjusted for other current observable data that may materially impact the Group's future credit risk. This other observable data includes specific factors in relation to each debtor or general economic conditions of the industry in which the debtors operate.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable basis that a more lagging default criterion is more appropriate.

C2. Inventories

	2019 A$'000	2018 A$'000
Raw materials – at cost	1,746	718
Finished goods – at cost	721,771	534,364
	723,517	535,082

Recognition and measurement

Inventories consist of raw materials (for the manufacturing operations of EBOS) and finished goods. 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.

C3. Trade and other payables

	2019 A$'000	2018 A$'000
Current		
Trade payables	1,190,599	1,078,171
Other payables	91,069	89,653
Deferred purchase consideration	6,651	2,304
	1,288,319	1,170,128
Non-current		
Other payables	13,941	13,484
	13,941	13,484

Recognition and measurement

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Trade payables are unsecured and are generally settled within the month following the invoice date.

Section D: Capital assets used by EBOS to operate our business

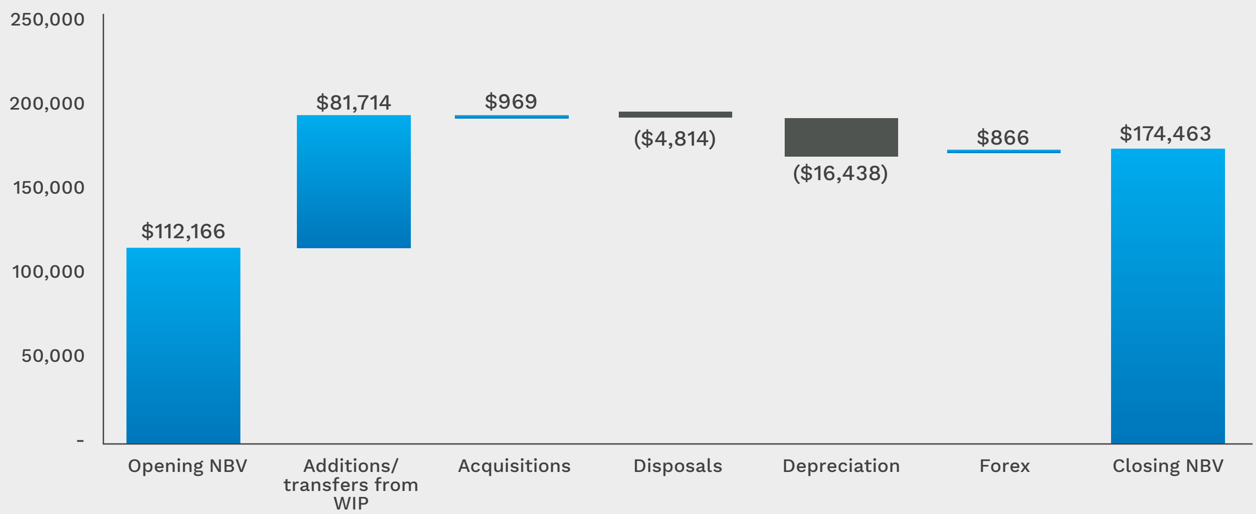
Section Overview

This section explains what capital assets, such as property, plant and equipment, EBOS uses to operate its business activities. This section also describes the material movements in capital assets during the year.

D1. Property, plant and equipment

	Freehold land A$'000	Buildings A$'000	Leasehold improvements A$'000	Plant and equipment A$'000	Office equipment, furniture and fittings A$'000	Total A$'000
Cost	33,057	16,996	21,164	62,482	21,965	155,664
Accumulated depreciation	-	(5,531)	(7,336)	(23,257)	(7,374)	(43,498)
Balance at 30 June 2018	33,057	11,465	13,828	39,225	14,591	112,166
Cost	28,690	40,385	34,900	100,063	28,025	232,063
Accumulated depreciation	-	(6,660)	(9,867)	(29,263)	(11,810)	(57,600)
Balance at 30 June 2019	28,690	33,725	25,033	70,800	16,215	174,463

Reconciliation of the carrying amount from the beginning to the end of the year ($'000)



D1. Property, plant and equipment continued

Recognition and measurement

Property, plant and equipment is initially recorded at cost. Cost includes the original purchase consideration and those costs directly attributable to bringing the item of property, plant and equipment to the location and condition for its intended use. After recognition as an asset, property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment assets, other than freehold land, is calculated on a straight-line basis. This allocates the cost or fair value amount of an asset, less any residual value, over its estimated useful life.

Judgements and estimates – useful lives

EBOS estimates the remaining useful life of assets as follows:

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

The residual value and useful lives are reviewed and if appropriate, adjusted at each reporting date.

D2. Capital work in progress

	2019 A$'000	2018 A$'000
Capital work in progress	6,508	58,329
	6,508	58,329

Capital work in progress relates to buildings under construction. The additional cost to complete the project is estimated at $6,317,000 (2018: $11,984,000).

Section E: How we fund the business

Section Overview

This section explains how EBOS funds its operations and shows the sources of other available facilities that it may call upon if required to fund its operational or future investing activities.

Capital management

EBOS manages its capital, meaning total shareholders' funds, to provide appropriate returns to shareholders while maintaining a capital structure that safeguards its ability to remain a going concern and optimises the cost of capital.

E1. Share capital

	Notes	2019 No. 000's	2019 Total A$'000	2018 No. 000's	2018 Total A$'000
Fully paid ordinary shares					
Balance at beginning of financial year		152,539	763,636	151,914	763,636
Dividend reinvested – April 2019		286	5,719	-	-
Institutional placement – May 2019		8,883	165,493	-	-
Institutional placement costs		-	(3,037)	-	-
Shares issued under the long-term executive incentive scheme					
– September 2017		-	-	625	-
	H4	161,708	931,811	152,539	763,636

	2019 No. 000's	2018 No. 000's
Treasury stock		
Opening stock	1,225	600
Shares scheme – shares issued	-	625
	1,225	1,225

Recognition and measurement

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

E2. Dividends

Recognition and measurement

Dividends are approved by the Board in New Zealand dollars. Dividends recognised in the Statement of Changes in Equity are converted from New Zealand dollars to Australian dollars at the exchange rate applicable on the date the dividend was approved.

Unrecognised dividends are converted at the exchange rate applicable on the reporting date.

	2019		2018	
	A$ Cents per share	Total A$'000	A$ Cents per share	Total A$'000
Recognised amounts				
Fully paid ordinary shares:				
Final – prior year	32.4	49,057	30.3	46,185
Interim – current year	33.2	50,279	30.7	46,829
Dividends per share	65.6	99,336	61.0	93,014
Unrecognised amounts				
Final dividend	35.4	57,205	32.6	49,711

Subsequent event

A dividend of NZ 37.0 cents per share was declared on 21 August 2019 with the dividend being payable on 11 October 2019. The anticipated cash impact of the dividend is approximately $50.6m (2018: $49.7m).

The following table shows dividends approved in New Zealand dollars:

	2019 NZ$ Cents per share	2018 NZ$ Cents per share
Recognised amounts		
Fully paid ordinary shares:		
Final – prior year	35.5	33.0
Interim – current year	34.5	33.0
Dividends per share	70.0	66.0
Unrecognised amounts		
Final dividend	37.0	35.5

New Zealand dollar dividends paid to equity holders of the parent are translated into Australian dollars and disclosed in the cash flow statement at the foreign currency exchange rate applicable on the date they are paid.

E3. Borrowings

	2019 A$'000	2018 A$'000
Current		
Bank loans – securitisation facility (i)	168,307	147,149
Non-current		
Bank loans (ii)	364,038	435,121

(i) EBOS, through a subsidiary company, has a trade debtor securitisation facility of $400.0m (2018: $400.0m) of which $231.7m was unutilised at 30 June 2019 (2018: $252.9m). The securitisation facility involves providing security over the future cash flows of specific trade receivables, which meet certain criteria, in return for cash finance on a contracted percentage of the security provided. As recourse, in the event of default by a trade debtor, remains with EBOS, the trade receivables provided as security and the funding provided are recognised on the EBOS Consolidated Balance Sheet.

At 30 June 2019, the value of trade receivables provided as security under this securitisation facility was $212.5m (2018: $190.4m). The net cash flows associated with the securitisation program are disclosed in the Consolidated Cash Flow Statement as cash flows from financing activities.

(ii) EBOS has bank term loans and working capital facilities of $635m (2018: $556.8m), of which $270.9m was unutilised at 30 June 2019 (2018: $121.6m).

EBOS is in full compliance with its debt facility financial covenants. All bank loans, excluding the securitisation facility, are secured by a charge over the assets of EBOS.

Recognition and measurement

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received plus issue costs associated with the borrowing. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest method, which allocates the cost through the expected life of the loan or borrowing. The fair value of non-current borrowings is approximately equal to their carrying amount.

Bank loans are classified as current liabilities unless EBOS has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

E4. Borrowings facilities maturity profile

As at 30 June 2019, EBOS had unrestricted access to the following lines of available credit:

Facility	Amount (AUD) $ millions	Maturity
Term debt facilities ($AUD)	$58.0	1–2 years
Term debt facilities ($NZD)	$66.7	1–2 years
Term debt facilities ($AUD/$NZD)	$50.0	2–3 years
Term debt facilities ($AUD)	$292.9	3–4 years
Working capital facilities ($AUD/$NZD)	$167.3	< 1 year
Securitisation facility ($AUD)	$400.0	1–2 years

The following table shows the remaining contractual maturity for EBOS' borrowings at balance date. The table includes both interest and principal (undiscounted) cash flows, with total bank loans of $532.3m (2018: $582.3m).

	Less than 1 year A$'000	1–2 years A$'000	2–3 years A$'000	3–4 years A$'000	4–5 years A$'000	5+ years A$'000	Total A$'000
Bank loans							
2019	16,445	213,821	84,687	261,833	-	-	576,786
2018	20,907	20,648	255,079	59,150	294,363	-	650,147

Financing activities

	2019 A$'000	2018 A$'000
Bank overdraft facility, reviewed annually and payable at call:		
Amount unused	1,395	1,348
	1,395	1,348
Bank loan facilities with various maturity dates through to May 2023 (2018: May 2023)		
Amount used	532,345	582,270
Amount unused	510,293	374,511
	1,042,638	956,781

E5. Operating cash flows

Reconciliation of profit for the year with cash from operating activities:

For the financial year ended 30 June 2019	2019 A$'000	2018 A$'000
Profit for the year	136,727	139,269
Add/(less) non-cash items:		
Depreciation	16,438	16,210
(Gain)/loss on sale of property, plant and equipment	(2,267)	15
Amortisation of finite life intangible assets	15,623	15,689
Share of profit from associates, net of dividends received	(4,203)	(4,140)
Expense recognised in respect of share-based payments	1,793	772
Deferred tax	3,061	908
	30,445	29,454
Movement in working capital:		
Trade and other receivables	19,065	73,728
Prepayments	(1,212)	(1,590)
Inventories	(188,435)	8,777
Current tax refundable/payable	1,428	(1,979)
Trade and other payables	118,648	(92,073)
Employee benefits	749	2,251
Foreign currency translation of working capital balances	(1,201)	1,663
	(50,958)	(9,223)
Balances classified as investing activities	(2,951)	1,652
Working capital items acquired	5,280	984
Net cash inflow from operating activities	118,543	162,136

E5. Operating cash flows continued

Reconciliation of debt:

	1 July 2018 A$'000	Net (repayments) A$'000	Foreign currency movement A$'000	30 June 2019 A$'000
Bank loans	582,270	(51,878)	1,953	532,345

	1 July 2017 A$'000	Net drawings A$'000	Foreign currency movement A$'000	30 June 2018 A$'000
Bank loans	567,346	18,074	(3,150)	582,270

Accounting policies

Cash and cash equivalents comprise cash on hand and deposits readily convertible to cash and which are not subject to a significant risk of change in value.

The Consolidated Cash Flow Statement is prepared exclusive of Goods and Services Tax (GST), which is consistent with the method used in the Consolidated Income Statement.

- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing EBOS' equity capital.

Section F: EBOS Group structure

Section Overview

This section provides information to assist in understanding the EBOS Group legal structure and how it affects the financial position and performance of the Group. Details of businesses acquired are presented in **Section B.**

F1. Subsidiaries

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

Parent and head entity: EBOS Group Limited

Subsidiaries (all balance dates 30 June unless otherwise noted)	Country of Incorporation	Ownership Interests and Voting Rights 2019	2018
Pet Care Holdings Australia Pty Limited *(formerly EBOS Healthcare (Australia) Pty Limited)*	Australia	100%	100%
EBOS Group Australia Pty Limited	Australia	100%	100%
EBOS Health & Science Pty Limited	Australia	100%	100%
PRNZ Limited	New Zealand	100%	100%
Pharmacy Retailing NZ Limited	New Zealand	100%	100%
Pet Care Distributors Pty Limited *(formerly Healthcare Distributors Pty Limited)*	Australia	100%	100%
Masterpet Corporation Limited	New Zealand	100%	100%
Masterpet Australia Pty Limited	Australia	100%	100%
Botany Bay Imports and Exports Pty Limited	Australia	100%	100%
Aristopet Pty Ltd	Australia	100%	100%
EAHPL Pty Limited *(formerly EBOS Australia Holdings Pty Limited)*	Australia	100%	100%
ZHHA Pty Ltd	Australia	100%	100%
ZAP Services Pty Ltd	Australia	100%	100%
Symbion Pty Ltd	Australia	100%	100%
Intellipharm Pty Ltd	Australia	100%	100%
Clinect Pty Ltd	Australia	100%	100%
Lyppard Australia Pty Ltd	Australia	100%	100%
DoseAid Pty Limited *(formerly APHS Packaging Pty Ltd)*	Australia	100%	100%
Symbion Trade Receivables Trust *(formerly Symbion Pharmacy Services Trade Receivables Trust)*[1]	Australia	100%	100%
Blackhawk Premium Pet Care Pty Limited	Australia	100%	100%
Endeavour Consumer Health Limited (*formerly Healthcare Distributors Limited)*	New Zealand	100%	100%

F1. Subsidiaries continued

Subsidiaries (all balance dates 30 June unless otherwise noted)	Country of Incorporation	Ownership Interests and Voting Rights 2019	2018
Nexus Australasia Pty Limited	Australia	100%	100%
EBOS PH Pty Limited	Australia	100%	100%
Terry White Group Limited	Australia	100%	50%
Chemmart Holdings Pty Ltd	Australia	100%	50%
TW&CM Pty Ltd	Australia	100%	50%
TWC IP Pty Ltd	Australia	100%	50%
PBA Wholesale Pty Ltd	Australia	100%	50%
VIM Health Pty Ltd	Australia	100%	50%
PBA Finance Pty Ltd	Australia	100%	50%
Chem Plus Pty Ltd	Australia	100%	50%
Pharmacy Brands Australia Pty Ltd	Australia	100%	50%
VIM Health IP Pty Ltd	Australia	100%	50%
Tony Ferguson Weight Management Pty Ltd	Australia	100%	50%
Lite Living Pty Ltd	Australia	100%	50%
Alchemy Holdings Pty Limited	Australia	100%	100%
Alchemy Sub-Holdings Pty Ltd	Australia	100%	100%
HPS Holdings Group (Aust) Pty Ltd	Australia	100%	100%
HPS Hospitals Pty Ltd	Australia	100%	100%
HPS Corrections Pty Ltd	Australia	100%	100%
HPS Services Pty Ltd	Australia	100%	100%
Hospharm Pty Ltd	Australia	100%	100%
HPS IVF Pty Ltd	Australia	100%	100%
HPS Finance Pty Ltd	Australia	100%	100%
HPS Brands Pty Ltd	Australia	100%	100%
Endeavour CH Pty Ltd *(formerly Natures Synergy Pty Ltd)*	Australia	100%	100%
Ventura Health Pty Limited	Australia	100%	100%
You Save Management Pty Limited	Australia	100%	100%
Mega Save Management Pty Limited	Australia	100%	100%
Cincotta Holding Company Pty Limited	Australia	100%	100%
CC Pharmacy Investments Pty Limited	Australia	100%	100%

F1. Subsidiaries continued

Subsidiaries (all balance dates 30 June unless otherwise noted)	Country of Incorporation	Ownership Interests and Voting Rights 2019	2018
CC Pharmacy Promotions Pty Limited	Australia	100%	100%
CC Pharmacy Management Pty Limited	Australia	100%	100%
Shanghai EBOS Business Co. Ltd	China	100%	-
ACN 618 208 969 Pty Ltd	Australia	100%	100%
Warner and Webster Pty Ltd	Australia	100%	-
W & W Management Services PL	Australia	100%	-

1. The balance date of all subsidiaries is 30 June, aside from the Symbion Trade Receivables Trust, which has a balance date of 31 December. The results of the Symbion Trade Receivables Trust have been included in the Group results for the year to 30 June 2019. The Trust is consolidated as EBOS has the exposure, or rights, to variable returns from its involvement with the Trust and the Group considers that it has existing rights that give it the current ability to direct the relevant activities of the Trust.

F2. Investment in associates

Name of associate company	Principal activities	Date of acquisition	Proportion of shares and voting rights acquired	Cost of acquisition A$'000
Animates NZ Holdings Limited	Animal Care supplies	December 2011	50%	17,353
Good Price Pharmacy Franchising Pty Limited	Healthcare supplies	October 2014	25.77%	3,592
Good Price Pharmacy Management Pty Limited	Healthcare supplies	October 2014	25.77%	3,592

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

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

Although the Company holds 50% of the shares and voting power in Animates NZ Holdings Limited this entity is not deemed to be a subsidiary as the other 50% is held by a single shareholder, therefore EBOS is unable to exercise control over this entity.

F2. Investment in associates continued

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

	2019 A$'000	2018 A$'000
Statement of Financial Position		
Total assets	71,983	68,061
Total liabilities	(31,643)	(34,862)
Net assets	40,340	33,199
Group's share of net assets	19,599	15,755
Income Statement		
Total revenue	129,464	120,147
Total profit for the year	9,563	9,900
Group's share of profits of associates	4,203	4,140
Movement in the carrying amount of the Group's investment in associates:		
Balance at the beginning of the financial year	37,009	34,661
Share of profits of associates	4,203	4,140
Share of dividends	(1,394)	(859)
Net foreign currency exchange differences	1,256	(933)
Balance at the end of the financial year	41,074	37,009
Goodwill included in the carrying amount of the Group's investment in associates	20,430	19,823
The Group's share of the contingent liabilities of associates	-	-
The Group's share of capital commitments of associates	-	-

Recognition and measurement

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

Investments in associates are incorporated in the EBOS Group financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Consolidated Balance Sheet at cost and adjusted for post-acquisition changes in EBOS' share of the net assets of the associate, less any impairment in the value of individual investments and less any dividends. Losses of an associate in excess of EBOS' interest in that associate are recognised only to the extent that EBOS has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over EBOS' share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment.

Section G: How we manage risk

Section Overview

This section describes the financial risks that EBOS has identified and how it manages these risks to protect its financial position and financial performance. Management of these risks includes the use of financial instruments to hedge against unfavourable interest rate and foreign currency movements.

G1. Financial risk management

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

EBOS does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by Group 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 by the Board of Directors on a regular basis.

Foreign currency risk

EBOS is exposed to foreign currency risk arising primarily from the procurement of goods denominated in foreign currencies (US dollar, Australian dollars, Thai baht, euro and British pound).

Foreign exchange rate exposures are managed utilising forward foreign exchange contracts.

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions typically out to 12 months of the exposure generated. It is the policy of the Group to enter into foreign exchange forward contracts for up to 100% of forecasted foreign currency transactions for the next six months and up to 80% of six to 12 months of forecasted foreign currency transactions.

All forward foreign currency contracts entered into fixed the exchange rate of highly probable forecast transactions, denominated in foreign currencies, and are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable movements in exchange rates.

The Group performs a qualitative assessment of effectiveness of hedges using the critical terms of the underlying transaction and hedging instrument. It is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

EBOS enters into forward foreign exchange contracts only in accordance with the Board approved treasury policy.

No sources of ineffectiveness emerged from these hedging relationships.

G1. Financial risk management continued

Interest rate risk

EBOS is exposed to interest rate risk as it borrows funds in both New Zealand dollars and Australian dollars at floating interest rates.

The risk is assessed and managed by the use of interest rate swap contracts. EBOS agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable EBOS to mitigate the risk of changing interest rates on debt held.

It is the policy of the Group to enter into interest rate swap contracts to manage interest rate risk associated with floating rate Group borrowings of up to 100% of the exposure generated.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts, are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

The Group performs a qualitative assessment of the effectiveness of hedges using the critical terms of the underlying transaction and hedging instrument. It is expected that the value of the interest rate swaps and the value of the corresponding hedged items, (floating rate borrowings), will systematically change in opposite direction in response to movements in the underlying exchange rates.

No sources of ineffectiveness emerged from these hedging relationships.

Interest rate swap contracts are only entered into in accordance with the Group's Board approved treasury policy.

Liquidity risk

EBOS is exposed to liquidity risk as it must invest in significant levels of working capital such as inventory and accounts receivable, which can impact liquidity unless they are converted to cash.

EBOS manages liquidity risk by maintaining adequate reserves, banking facilities and reserve banking facilities, by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Refer to note E4 for information on EBOS' borrowings facility maturity profile.

Credit risk

EBOS is exposed to the risk of default in relation to receivables owing from its healthcare and animal care customers, hedging instruments and guarantees and deposits held with banks and other financial institutions.

EBOS has adopted a policy of only dealing with credit worthy counter parties as a means of mitigating the risk of financial loss from defaults. All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.

Trade receivables consist of a large number of customers spread across diverse sectors and geographical areas. Ongoing credit evaluation is performed on the financial condition of the trade receivables. Credit assessments are undertaken to determine the credit quality of the customer, taking into account their financial position, past experience and other relevant factors. Individual risk limits are granted in accordance with the internal credit policy and authorised via appropriate personnel as defined by the Group's delegation of authority manual.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to EBOS of any credit risk.

EBOS does not have any significant credit risk exposure to any single counter party. 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.

EBOS has not changed its overall strategy regarding the management of risk from 2018.

G2. Financial instruments

Derivatives	2019 A$'000	2018 A$'000
Other financial assets – derivatives (at fair value)		
Forward foreign exchange contracts (i)	611	1,289
Interest rate swaps (i)	-	17
	611	1,306
Other financial liabilities – derivatives (at fair value)		
Forward foreign exchange contracts (i)	40	-
Interest rate swaps (i)	10,677	1,980
	10,717	1,980

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

Recognition and measurement

EBOS has categorised these derivatives, both financial assets and financial liabilities, as Level 2 under the fair value hierarchy contained within NZ IFRS 13. There were no transfers between fair value hierarchy levels during the current or prior periods.

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

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

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 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.
- 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.

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

As hedge accounting has been applied for all derivatives, and no hedge ineffectiveness has occurred during the period, the movement in these instruments has been recognised on the other comprehensive income. The recognition in profit or loss depends on the nature of the hedge relationship. EBOS designates these derivatives as cash flow hedges of highly probable forecast transactions. Hedging gains or losses are recognised in the profit or loss when the hedged items affect the profit or loss, except where they are hedging non-financial items, in which case they are recognised as an adjustment to the initial carrying value of the non-financial items (basis adjustment). When a forward contract is used in a cash flow hedge relationship the Group has designated the change in fair value of the entire forward contract, i.e. including the forward element, as the hedging instrument.

G2. Financial instruments continued

Cash flow hedges

At the inception of a hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in the cash flows of the hedged item attributable to the hedged risk.

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

Outstanding forward foreign currency contracts: nominal value

	2019 A$'000	2018 A$'000
Buy Australian dollars	9,983	7,918
Buy euro	3,378	8,172
Buy British pounds	3,203	3,029
Buy Thai bhat	7,944	4,807
Buy US dollars	21,354	26,292
	45,862	50,218

Outstanding interest rate swap contracts: nominal value

	2019 A$'000	2018 A$'000
Less than 1 year	26,473	75,098
1 to 3 years	145,815	76,212
3 to 5 years	195,000	159,590
Greater than 5 years	-	-
	367,288	310,900

Section H: Other disclosures

Section Overview

This section includes the remaining information relating to EBOS that is required to be presented so as to comply with its financial reporting requirements.

H1. Contingent liabilities

	2019 A$'000	2018 A$'000
Contingent liabilities		
Guarantees given to third parties	3,002	2,509
	3,002	2,509

H2. Commitments for expenditure

	2019 A$'000	2018 A$'000
Capital expenditure commitments:		
Plant	1,127	9,251
Software development	1,352	1,346
	2,479	10,597
Operating expenditure commitments:		
Non-cancellable operating lease payments:		
Less than one year	37,996	32,893
More than one year and less than five years	108,394	97,550
More than five years	47,012	58,713
	193,402	189,156

Lease arrangements

Operating leases relate to certain land, buildings, plant and equipment, with lease terms of between one and 12 years with options to extend for a further one to 19 years. Operating lease contracts contain market review clauses in the event that EBOS exercises its option to renew. EBOS does not have an option to purchase the leased asset at the expiry of the lease period.

H3. Subsequent events

Subsequent event

Subsequent to year end, the Board has approved a final dividend to shareholders. For further details please refer to note E2.

H4. Related party disclosures

Key management personnel compensation

	2019 A$'000	2018 A$'000
Short-term employee benefits	11,692	11,284
	11,692	11,284

EBOS operates a long-term incentive share scheme whereby eligible staff receive cash and performance rights entitling each holder of the performance right to one new share per right issue. Performance rights do not vest until performance conditions are met over a three-year period. In the current year 180,300 performance rights were issued with a three-year performance period of 1 July 2018 to 30 June 2021 (2018: Nil).

EBOS also operates a long-term incentive share plan whereby EBOS provides an interest free, non-recourse loan to participating senior executives in order for those executives to purchase shares in the Company. While the shares are issued and held in the executive's name, the shares will not vest unless and until performance conditions are met. The executive cannot deal in the shares unless and until those shares vest. All net dividends received in respect of the shares must be applied to the repayment of the interest free loan. In 2018, 625,000 shares were issued with an issue price of NZ$17.35. The performance period in relation to these shares is 1 July 2017 to 30 June 2020.

H5. Remuneration of auditors

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

	2019 A$'000	2018 A$'000
Auditor of the Group (Deloitte)		
Audit of the financial statements	679	556
Audit related services for review of interim financial statements	197	162
Advisory services	5	72
Taxation compliance	5	-
	886	790
Other auditors (Ernst & Young)		
Audit of subsidiary financial statements	-	186
Audit related services for review of interim financial statements	-	50
	-	236

H6. Changes in financial reporting standards

No new accounting standards or interpretations have been adopted during the year which have had a material impact on these financial statements (refer to pages 50–52). The following new standards have been approved but are not yet effective, which may have a future impact on the Group financial statements:

NZ IFRS 16 Leases – *effective for the Group for the period beginning 1 July 2019*

NZ IFRS 16 Leases introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. NZ IFRS 16 will supersede the current lease guidance including NZ IAS 17 Leases and the related interpretations when it becomes effective on 1 July 2019.

NZ IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. The distinction between operating leases (off balance sheet) and finance leases (on balance sheet) is removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet), except for short-term leases and leases of low-value assets.

The right-of-use asset is initially measured at cost, and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, among others.

Furthermore, the classification of cash flows will also be affected as operating lease payments under NZ IAS 17 are presented as operating cash flows; whereas under the NZ IFRS 16 model, the lease payments will be split into a principal and an interest portion, which will be presented as financing and operating cash flows respectively.

The Group will apply NZ IFRS 16 on 1 July 2019 using the modified retrospective (full simplified) transition method and the practical expedient that the right to use asset will match the lease liability. Comparative periods presented will not be restated.

Based on our assessment we expect that almost all of the Group's leases that contribute to non-cancellable operating lease commitments of $193.4m (2018: $189.2m), as disclosed in Note H2, will meet the definition of a lease under NZ IFRS 16.
The following impacts are expected on implementation of the new requirements:

- A material right-of-use asset and a lease liability will be recognised on the balance sheet, with the difference posted to retained earnings.
- Finance costs will increase due to the impact of the interest component of the lease liability.
- Depreciation expense will increase due to depreciation of the right-of-use asset over the lease term.
- Lease rental operating expenses will reduce to close to nil.
- In the cash flow statement, operating cash outflows will decrease, and financing cash outflows will increase as repayment of the principal balance in the lease liability will be classified as a financing activity.

The expense previously recorded in relation to operating leases will move from being included in operating expenses (and within EBITDA), to depreciation and finance expense. The impact on net earnings before income tax of an individual lease over its term remains the same; however, the new standard will result in a higher interest expense in the early years, and lower in the later years of a lease, compared with the current straight-line expense profile of an operating lease.

There will be no impact on actual cash payments.

To finalise the implementation of the new standard, management will make a final determination of the discount rates and options periods for each of its leases. The Group will apply NZ IFRS 16 on 1 July 2019 using the modified retrospective (full simplified) transition method. Comparative periods presented will not be restated. The Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of NZ IFRS 16.

Additional stock exchange information

As at 31 July 2019

Twenty largest shareholders	Fully paid shares	Percentage of paid capital
Sybos Holdings Pte Limited	60,525,721	37.43
HSBC Nominees (New Zealand) Limited – NZCSD HKBN90	10,135,878	6.27
JP Morgan Chase Bank NA NZ Branch-Segregated Clients Acct – NZCSD CHAM24	8,495,930	5.25
Citibank Nominees (New Zealand) Limited – NZCSD CNOM90	6,612,420	4.09
Forsyth Barr Custodians Limited 1-CUSTODY	4,330,244	2.68
Accident Compensation Corporation – NZCSD ACCI40	3,588,344	2.22
FNZ Custodians Limited	3,477,196	2.15
Custodial Services Limited A/C 4	2,574,456	1.59
Custodial Services Limited A/C 3	2,531,815	1.57
HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD HKBN45	2,491,965	1.54
National Nominees New Zealand Limited – NZCSD NNLZ90	2,447,125	1.51
JP Morgan Nominees Australia Limited	2,391,995	1.48
HSBC Nominees A/C New Zealand Superannuation Fund Nominees Limited – NZCSD SUPR40	1,896,696	1.17
BNP Paribas Nominees (NZ) Limited – NZCSD COGN40	1,883,312	1.16
Whyte Adder No 3 Limited	1,796,425	1.11
Citicorp Nominees Pty Limited	1,633,086	1.01
Custodial Services Limited A/C 2	1,406,479	0.8
Tea Custodians Limited Client Property Trust Account – NZCSD TEAC40	1,224,696	0.76
HSBC Custody Nominees (Australia) Limited	1,201,534	0.74
BNP Paribas Nominees (NZ) Limited – NZCSD BPSS40	1,154,240	0.71
	121,799,557	75.31

Substantial product holders

The following information is provided in compliance with section 293 of the Financial Markets Conduct Act and is stated as at 30 June 2019.

The total number of ordinary shares in the Company as at 30 June 2019 was 161,708,121. The total number of unquoted performance rights as at 30 June 2019 was 180,300.

	Fully paid ordinary shares	Percentage of paid capital
Sybos Holdings Pte Limited	60,525,721	37.43
FMR LLC	15,457,115	10.13
	75,982,836	47.56

Additional stock exchange information continued

Distribution of shareholders and shareholdings	Holders	Fully paid ordinary shares	Percentage of paid capital
Size of Holding			
1 to 1,000	3,286	1,492,994	0.92
1,001 to 5,000	2,983	7,219,193	4.46
5,001 to 10,000	725	5,151,962	3.19
10,001 to 100,000	550	12,210,729	7.55
100,001 and over	55	135,633,243	83.88
Total	7,599	161,708,121	100.00

Unmarketable parcels as at 31 July 2019

As at 31 July 2019, there were 104 shareholders (with a total of 997 shares) holding less than a marketable parcel of shares, based on the closing price of the Company's shares on the ASX of A$23.78. The ASX Listing Rules define a marketable parcel of shares as a parcel of shares of not less than A$500.

Waivers from the NZX and ASX Listing Rules

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

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

1. The Company is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act dealing with the acquisition of shares (including substantial holdings and takeovers).
2. Limitations on the acquisition of securities imposed under New Zealand law are as follows:
   (a) In general, securities in the Company are freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition.
   (b) The New Zealand Takeovers Code creates a general rule under which the acquisition of 20% or more of the voting rights in the Company or the increase of an existing holding of 20% or more of the voting rights of the Company can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances), or compulsory acquisition of a shareholder holding 90% or more of the shares.
   (c) The New Zealand Overseas Investment Act 2005 and Overseas Investment Regulations 2005 (New Zealand) regulate certain investments in New Zealand by overseas interests. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required where an 'overseas person' acquires shares in the Company that amount to 25% or more of the shares issued by the Company, or if the overseas person already holds 25% or more, the acquisition increases that holding.
   (d) The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in the Company if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in the market.

Voting rights

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

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

Corporate Governance

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

The 2019 Corporate Governance Statement relating to the Company and its subsidiaries (the Group) can be found at: https://ebosgroup.gcs-web.com/corporate-governance. The Corporate Governance Statement refers to a number of codes, policies and charters of the Group. These documents (or a summary of them) can be found in the Group's Corporate Governance Code at https://ebosgroup.gcs-web.com/corporate-governance.

For the purposes of compliance with the NZ Companies Act, NZX Listing Rules and NZX Corporate Governance Code dated 1 January 2019 (2019 Code), the following disclosures are included in the Annual Report.

Diversity

The Group has a Diversity Policy, which is set out as Appendix F of the Corporate Governance Code. Under the policy, the Board is responsible for setting measurable objectives for achieving diversity. Set out below is the Board's assessment of the objectives for the 2018/19 year:

Objective	Progress during 2018/19
Aim to increase the proportion of women on the Board as vacancies arise, having regard to the circumstances (including skill requirements) relating to the vacancies.	During the year ended 30 June 2019 the Board appointed Stuart McLauchlan as a new director whose appointment took effect from 1 July 2019. As part of the process to appoint a new director, a number of female candidates were considered. Having regard to the Board's structure and the Board's assessment of skill requirements for the Board and Mr McLauchlan's extensive experience, it was determined to appoint Mr McLauchlan.
Aim to increase the proportion of women in executive and senior management roles as vacancies arise, having regard to the circumstances (including skill requirements) relating to the vacancies.	As at 30 June 2019 the proportion of females that were Officers (as defined in the NZX Listing Rules) was 29%, a slight increase compared to 30 June 2018 (25%). More broadly, in relation to recruitment for any senior roles within the Group, it is the practice of the Group to ensure that suitably qualified female candidates are identified as part of the recruitment process.
Continue to ensure that the remuneration of females in salaried roles is objectively reviewed against the remuneration of males in comparable roles in order to eliminate inequity based on gender (with such reviews taking into account relevant experience, qualifications and performance).	A detailed gender pay equity analysis was undertaken in 2018. The conclusion from that analysis was that any variances were based on tenure in the role or experience at the time of appointment. EBOS will conduct further gender pay equity analysis from time to time.
Continue to promote family friendly and flexible workplace practices including, but not limited to, parental leave, flexible return to work arrangements, flexible work arrangements and employee assistance programs.	EBOS continued to promote these policies throughout the year (including by introducing relevant policies to businesses acquired during the year). It is recognised that such policies contribute to retaining talent and reducing staff turnover.

Gender representation

The Group's gender representation as at 30 June 2019 was as follows:

Board	Female %	Female (no.)	Male %	Male (no.)
2017/18	40	2	60	3
2018/19	40	2	60	3

Officer	Female %	Female (no.)	Male %	Male (no.)
2017/18	25	2	75	6
2018/19	29	2	71	5

Officer has the meaning given in the NZX Listing Rules.

Group	Female %	Male %
2017/18	55	45
2018/19	58	42

Director independence

The Board's assessment of the independence of each person that was a director as at 30 June 2019 is set out below.

Name#	Status*	Appointment date
Mark Waller	Independent	1987
Elizabeth Coutts	Independent	July 2003
Stuart McGregor	Non-independent	July 2013
Sarah Ottrey	Independent	September 2006
Peter Williams	Non-independent	July 2013

#Mr Stuart McLauchlan became a director on 1 July 2019 (i.e. after the Company's balance date)
*Independent means that the director is considered to be an Independent Director as defined under the NZX Listing Rules.

Mark Waller, Elizabeth Coutts and Sarah Ottrey have been determined as Independent Directors as that term is defined in the NZX Listing Rules. In respect of Mark Waller, the Board members unanimously believe that he acts independently as a director and as Chairman, notwithstanding his previous appointment as Managing Director/CEO, which ceased in 2014. This assessment is based on the experiences of those of them who have worked with him, and in particular, having regard to the high degree of professionalism he has at all times displayed as an EBOS director and as Chairman.

In addition, the Board notes that Mark Waller has no affiliation with any major shareholder of the Company and did not have any such affiliation during his tenure as the EBOS Managing Director/Chief Executive Officer.
In relation to Elizabeth Coutts and Sarah Ottrey, the Board is unanimously of the view that each director brings, among other things, an independent view to decisions in relation to EBOS and that their tenure is not, of itself, an indication that they are no longer independent.

CEO remuneration

In the year ended 30 June 2019, Mr John Cullity received fixed remuneration, a short-term incentive and a grant of performance rights as part of a long-term incentive plan.[1]

The Group's policy in relation to the remuneration of the CEO (and other executives) is set out in its Remuneration Policy. A copy of this policy can be found in the Group's Corporate Governance Code which is published on its website: **www.ebosgroup.com**.

The remuneration described in this section relates to fixed remuneration and short-term incentives paid during the year and long-term incentive grants made during the year.

These amounts may differ from the amounts included in Note H4 to the Financial Report and the table of employee remuneration included on pages 103 and 104 which are reported according to accounting standards.

[1] Mr Cullity's fixed remuneration and short-term incentive payments are expressed in Australian dollars.

The accounting values of remuneration reported in accordance with the accounting standards may not always reflect what a person was actually paid during the financial year, particularly due to the valuation of share-based payments and accrual of short-term incentives.

Fixed remuneration

In the financial year ended 30 June 2019 Mr Cullity received fixed remuneration of $1,150,531. This includes compulsory superannuation contributions.

Short-Term Incentive (STI) payment

An STI payment is a performance based payment and the targets in relation to the STI payment are set by the Board. The maximum amount that the Chief Executive Officer may be entitled to as an STI payment is a fixed dollar amount.

In the financial year ended 30 June 2019, Mr Cullity received an STI payment of $487,500. This payment was based on the financial performance of the Group for the prior year (that is, the year ended 30 June 2018) (2018 STI). Mr Cullity was appointed as CEO during the year ended 30 June 2018 and as such the 2018 STI payment is related to his role as CEO and previous role as Chief Financial Officer.

With regard to the 2018 STI, a target was set by reference to the Group's 2018 Profit Before Tax results (Target). The calculation of Mr Cullity's 2018 STI was based on the following criteria:

- If the Group's Profit Before Tax (PBT) results were less than 80% of the Target, no STI was payable.
- If the Group's PBT results were between 80% of the Target and the Target, an STI between 35% and 75% of Mr Cullity's maximum STI entitlement was payable.
- If the Group's PBT results met certain stretch targets above the Target, an STI between 75% to 100% of Mr Cullity's maximum STI entitlement was payable.

Mr Cullity received his maximum STI entitlement under the 2018 STI.

2019 STI

In relation to the STI for the year ended 30 June 2019, a similar structure for the STI was adopted and it is anticipated that the payment of an STI amount to Mr Cullity will be made during the 2020 financial year.

Long-Term Incentive (LTI) plan

In the year ended 30 June 2019, EBOS introduced a performance rights plan whereby eligible employees receive performance rights entitling each holder on exercise of the performance right to one ordinary share per performance right granted or a cash payment in lieu. Performance rights do not vest and cannot be exercised unless and until performance conditions are met.

In the financial year ended 30 June 2019, Mr Cullity was issued 47,500 performance rights as part of an LTI plan with a performance period from 1 July 2018 to 30 June 2021 (LTI 2018/21).

The performance conditions for the LTI 2018/21 are:

- continuous employment with the Group during the performance period (although noting that the Board has retained discretion relating to this condition); and
- growth in the Company's earnings per share in each year of the performance period or over the performance period must equal or exceed a specific percentage target.

The performance conditions in relation to these shares will be tested after the end of the performance period, being 1 July 2018 to 30 June 2021.

2019 Code

Under NZX Listing Rule 3.8.1(b), EBOS is required to state in the Annual Report those recommendations in the 2019 Code that were not followed in the financial year ended 30 June 2019.

Recommendation	Comment
3.4 – Nomination Committee	The Board does not have a nomination committee. The Board has determined, having regard to the current composition of the Board, that a nomination committee is not currently required. The Board undertakes the functions that were previously delegated to a nominations committee.
5.2 – Remuneration Policy	EBOS has a Remuneration Policy. The policy does not include the relative weightings of remuneration and performance criteria. This information is included in the annual Corporate Governance Statement (available on the Company's website) to ensure it accurately reflects the remuneration structures.
8.4 – additional equity	During the financial year, the Company conducted a successful placement of shares to raise NZ$175 million. The Board determined that a placement, rather than pro-rata equity raise, was the most practical, timely and effective method of raising capital. A pro-rata rights issue was considered to be challenging given the size of the capital raise and that it would have extended the duration of the process.

Directors' interests and disclosures

Disclosure of interests

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 interests register during the year ended 30 June 2019, as follows:

EM Coutts: Chair of Urwin & Co Ltd, Oceania Healthcare Ltd, Ports of Auckland Ltd and Skellerup Holdings Ltd, Director of the Yellow Pages group of companies, and Tennis Auckland Region Incorporated, Member, Marsh New Zealand Advisory Board and President, Institute of Directors Inc.

SJ McGregor: Chairman of Donaco International Ltd and director of Symbion Pty Ltd and other EBOS Group subsidiaries.

SC Ottrey: Director of Whitestone Cheese Ltd, Sarah Ottrey Marketing Ltd, Skyline Enterprises Limited and subsidiaries, Mount Cook Alpine Salmon Limited and Christchurch International Airport Ltd. Member of the Institute of Directors – Otago Southland Branch committee.

MB Waller: Director of EBOS Group Ltd and subsidiaries.

PJ Williams: Executive of The Zuellig Group and director of associated companies, a director of Pharma Industries Ltd, CB Norwood Pty Ltd, Cambert and Green Cross Health Limited.

Indemnity and insurance

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

Use of information

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

STRONGER TOGETHER

Share dealings by directors

The directors have disclosed to the Board under section 148(2) of the Companies Act 1993 particulars of acquisitions or disposals of a relevant interest in the Company's shares.

Director	Ordinary Shares Purchased/(Sold)	Consideration Paid/(Received)	Date of Transaction
EM Coutts	2,500	NZ$54,747	7 May 2019
SC Ottrey	97	NZ$2,049	5 April 2019
MB Waller	6,427	NZ$135,738	5 April 2019
	(35,000)	(NZ$756,472)	20, 21 and 22 March 2019

Directors' shareholdings

Number of fully paid shares held as at		30 June 2019	30 June 2018
EM Coutts	– Indirect beneficial interest	32,500	30,000
SC Ottrey	– Directly held together with another	8,176	8,079
	– Indirect beneficial interest	3,050	3,050
MB Waller	– Directly held together with others	506,692	535,265
	– Direct non-beneficial interest/trustee of EBOS Staff Share Plan	71,592	71,592

Attendance at board and committee meetings

	Board		Audit & Risk		Remuneration	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
EM Coutts	6	6	3	3	2	2
SC Ottrey	6	6			2	2
SJ McGregor	6	5	3	3		
MB Waller	6	6	3	3	2	2
PJ Williams	6	6				

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 2019 were as follows (expressed in New Zealand dollars):

	30 June 2019	30 June 2018
EM Coutts	$193,000*	$161,750
SJ McGregor	$162,500	$151,875
SC Ottrey	$153,000	$143,000
MB Waller	$317,500	$296,875
PJ Williams	$150,000	$140,000

*This includes fees paid for additional services provided.

Disclosures relating to subsidiaries

Subsidiary	Current Directors
ACN 618 208 969 Pty Ltd	J Cullity S McGregor#
Alchemy Holdings Pty Ltd	J Cullity S McGregor#
Alchemy Sub-Holdings Pty Ltd	J Cullity S McGregor#
Aristopet Pty Ltd	J Cullity S Duggan M Waller*
Beaphar Pty Ltd	J Cullity S Duggan M Waller*
BFCMC Pty Ltd	J Cullity S McGregor# A White*
Blackhawk Premium Pet Care Pty Ltd	J Cullity S McGregor#
Botany Bay Imports Exports Pty Ltd	J Cullity S Duggan M Waller*
CC Pharmacy Investments Pty Ltd	J Cullity S McGregor#
CC Pharmacy Management Pty Ltd	J Cullity S McGregor#
CC Pharmacy Promotions Pty Ltd	J Cullity S McGregor#
Chem Plus Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
Chemmart Holdings Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*

Subsidiary	Current Directors
Cincotta Holding Company Pty Ltd	J Cullity S McGregor#
Clinect Pty Ltd	J Cullity S McGregor M Waller*
Clinect NZ Pty Limited	J Cullity M Waller
Collaboration Medical Clinics Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
Developing People Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
DoseAid Pty Ltd	J Cullity S McGregor M Waller*
EAHPL Pty Ltd	J Cullity S McGregor#
EBOS Group Australia Pty Ltd	J Cullity S McGregor#
EBOS Health & Science Pty Ltd	J Cullity S McGregor#
EBOS PH Pty Ltd	J Cullity S McGregor#
Endeavour CH Pty Ltd	J Cullity S McGregor#
Endeavour Consumer Health Limited	J Cullity M Waller
Healthcare Supply Partners Pty Ltd	J Cullity

Subsidiary	Current Directors
Hospharm Pty Ltd	J Cullity S McGregor#
HPS Brands Pty Ltd	J Cullity S McGregor#
HPS Corrections Pty Ltd	J Cullity S McGregor#
HPS Finance Pty Ltd	J Cullity S McGregor#
HPS Holdings Group (Aust) Pty Ltd	J Cullity S McGregor#
HPS Hospitals Pty Ltd	J Cullity S McGregor#
HPS IVF Pty Ltd	J Cullity S McGregor#
HPS Services Pty Ltd	J Cullity S McGregor#
Intellipharm Pty Ltd	J Cullity S McGregor M Waller *
Lite Living Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
Lyppard Australia Pty Ltd	J Cullity S McGregor M Waller*
Masterpet Australia Pty Limited	J Cullity S Duggan M Waller*
Masterpet Corporation Limited	J Cullity S Duggan M Waller

Subsidiary	Current Directors
Masterpet Logistics Pty Ltd	J Cullity S Duggan M Waller*
Mega Save Management Pty Ltd	J Cullity S McGregor#
Nexus Australasia Pty Limited#	J Cullity S McGregor#
PBA Finance No. 1 Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
PBA Finance No. 2 Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
PBA Wholesale Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
Pet Care Distributors Pty Ltd	J Cullity S McGregor# M Waller*
Pet Care Holdings Australia Pty Ltd	J Cullity S McGregor# M Waller*
Pets International Pty Ltd	J Cullity S Duggan M Waller*
Pharmacy Brands Australia Pty Ltd	J Cullity S McGregor# A White*

Disclosures relating to subsidiaries continued

Subsidiary	Current Directors
Pharmacy Retailing (NZ) Limited	J Cullity M Waller
PRNZ Limited	J Cullity M Waller
Richard Thomson Pty Limited	J Cullity S McGregor# M Waller*
Symbion Pty Ltd	J Cullity S McGregor D Lewis*
Terry White Group Limited	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis S Hughes
Tony Ferguson Weight Management Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
TW&CM Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
TWC IP Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
Ventura Health Pty Ltd	J Cullity S McGregor#

Subsidiary	Current Directors
VIM Health Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
VIM Health IP Pty Ltd	J Cullity S McGregor# R Higham* J McKellar* K Sclavos* T White* D Lewis*
Vitapet Corporation Pty Limited	J Cullity S Duggan M Waller*
Warner & Webster Pty Ltd	J Cullity S McGregor#
W & W Management Services Pty Ltd	J Cullity S McGregor#
You Save Management Pty Ltd	J Cullity S McGregor#
ZAP Services Pty Ltd	J Cullity S McGregor M Waller*
ZHHA Pty Ltd	J Cullity S McGregor M Waller*

#S McGregor is an alternate director for J Cullity.
*Ceased to be a director during the year ended 30 June 2019.

No employee of the Group appointed as a director of the Company or its subsidiaries receives remuneration or other benefits in their role as a director. The remuneration and other benefits of such employees, received as employees, are included in the relevant bandings for remuneration disclosed under employee remuneration range below.

Employee remuneration

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

Employee remuneration (NZ)	30 June 2019 Number of Employees
100,000–110,000	109
110,000–120,000	72
120,000–130,000	69
130,000–140,000	77
140,000–150,000	45
150,000–160,000	39
160,000–170,000	36
170,000–180,000	20
180,000–190,000	25
190,000–200,000	25
200,000–210,000	20
210,000–220,000	12
220,000–230,000	14
230,000–240,000	11
240,000–250,000	10
250,000–260,000	10
260,000–270,000	5
270,000–280,000	3
280,000–290,000	6
290,000–300,000	2
300,000–310,000	4
310,000–320,000	2
320,000–330,000	3
330,000–340,000	3
340,000–350,000	1
360,000–370,000	1
370,000–380,000	3
400,000–410,000	3
410,000–420,000	1
420,000–430,000	1
440,000–450,000	1
450,000–460,000	1

Employee remuneration (NZ$)	30 June 2019 Number of Employees
470,000–480,000	1
490,000–500,000	1
510,000–520,000	2
560,000–570,000	1
570,000–580,000	2
610,000–620,000	1
650,000–660,000	1
660,000–670,000	1
680,000–690,000	1
720,000–730,000	1
760,000–770,000	1
900,000–910,000	2
910,000–920,000	1
920,000–930,000	1
1,160,000–1,170,000	1
1,230,000–1,240,000	1
1,830,000–1,840,000	1
1,920,000–1,930,000	1
3,910,000–3,920,000	1

Auditor

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

The directors are satisfied that the provision of non-audit services, during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Companies Act 1993. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note H5 of the financial statements.

M B Waller
Chairman of Directors

E M Coutts
Director

Directory

Registered offices

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

Level 7, 737 Bourke Street
Docklands 3008
PO Box 7300
Melbourne 8004
Australia
Telephone: +61 3 9918 5555
Email: ebos@ebosgroup.com

Website address

www.ebosgroup.com

Directors

Mark Waller
Chairman

Elizabeth Coutts
Independent Director

Stuart McGregor

Stuart McLauchlan
Independent Director

Sarah Ottrey
Independent Director

Peter Williams

Senior executives

John Cullity
Chief Executive Officer

Brett Barons
CEO Symbion

Andrea Bell
Chief Information Officer

Janelle Cain
General Counsel

Sean Duggan
CEO Animal Care and Consumer Brands

Shaun Hughes
Chief Financial Officer

David Lewis
EGM Strategy

Auditor

Deloitte Limited
Christchurch

Securities exchange

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

Share register

Computershare Investor Services Ltd
Private Bag 92119
Auckland 1142
New Zealand
Telephone: +64 9 488 8777

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

Managing your shareholding online

To change your address, update your payment instructions and to view your Investment portfolio, including transactions, please visit:

www.computershare.com/investorcentre

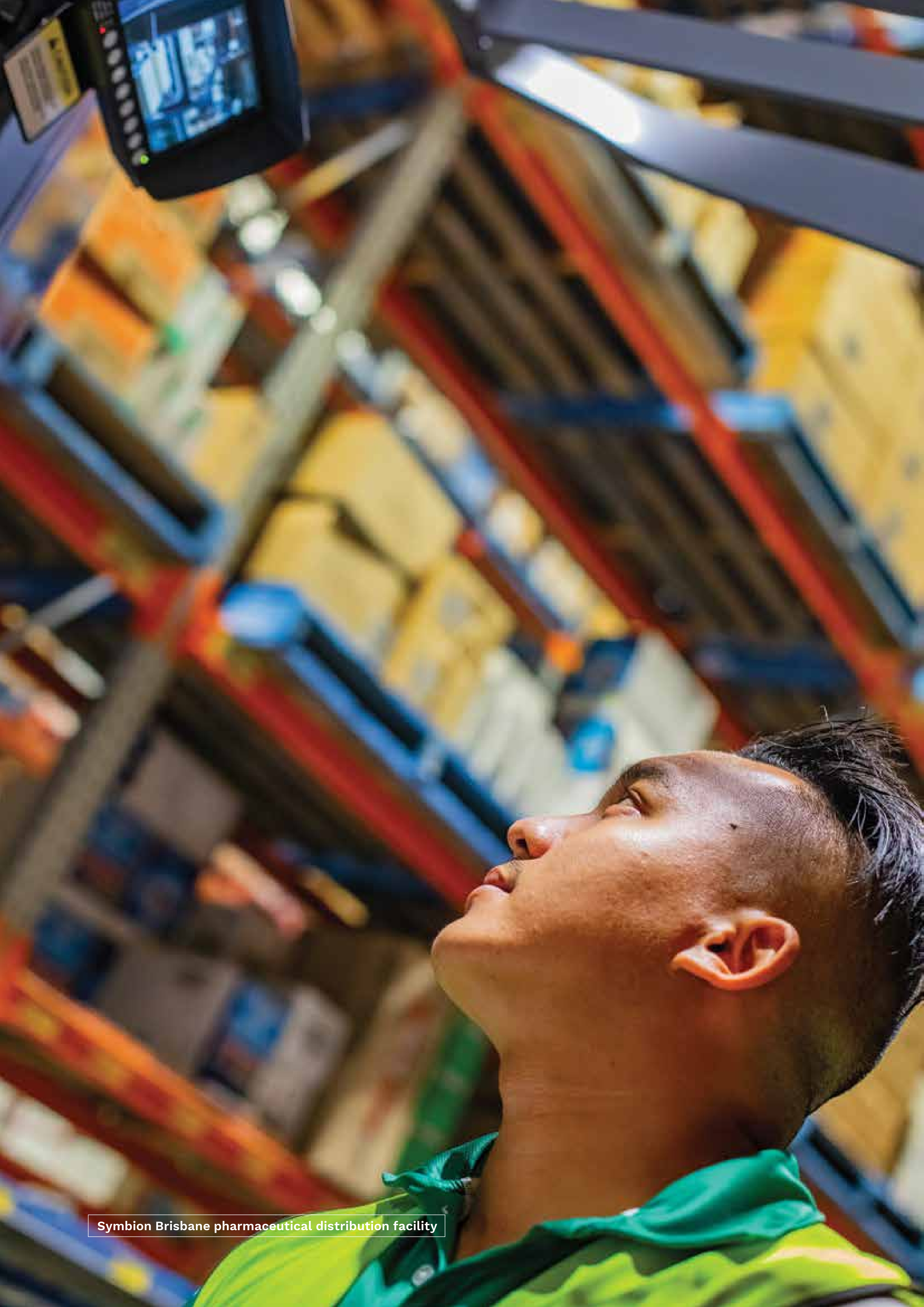
General enquiries can be directed to:

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

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

Notice of Annual Meeting

The Annual Meeting of EBOS Group Limited will be held on Tuesday, 15 October 2019 at 2.00 pm, at Addington Raceway & Events Centre, 75 Jack Hinton Drive, Addington, Christchurch, New Zealand.



Symbion Brisbane pharmaceutical distribution facility

Our commitment remains as strong as ever to supporting better healthcare and animal care across Australia and New Zealand, and it's this singular focus that enables our continued strength as a business.

Through substantial investments in our people and our capabilities across the entire supply chain, the Group is well positioned to achieve sustained success and capture new opportunities in constantly evolving markets, while ensuring we continue to deliver for our customers, each and every day.

www.ebosgroup.com

EBOS GROUP LIMITED