

**EBOS GROUP LIMITED**

**INTERIM REPORT  
FOR THE SIX MONTHS ENDED  
31 DECEMBER 2014**

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**EBOS GROUP LIMITED**  
**INTERIM REPORT 2015**  
**SUMMARY OF CONSOLIDATED FINANCIAL HIGHLIGHTS**

	Six months 31 Dec 14 \$'000 (Unaudited)	Six months 31 Dec 13 \$'000 (Unaudited)	Year ended 30 Jun 14 \$'000 Audited
Revenue	3,119,873	3,000,051	5,757,234
EBITDA	100,345	94,786	175,422
EBIT	88,479	83,437	152,839
Profit before income tax expense	77,014	69,347	125,781
Net profit for the period	53,949	49,409	92,069
Shareholders' equity	1,002,286	961,131	979,039
Earnings per share	36.2c	34.0c	62.8c
Net interest cover	8.8x	6.7x	6.5x
Net interest bearing debt to net interest bearing debt plus equity	26.9%	26.7%	24.4%
Net asset backing per share	669c	651c	658c

**SHAREHOLDER CALENDAR**

Release of half year result	25 February 2015
Interim dividend record date	13 March 2015
Interim dividend payable	2 April 2015
Release of full year result	Late August 2015
Final dividend payable	Late October 2015
Annual General Meeting	27 October 2015

## REVIEW REPORT TO THE SHAREHOLDERS OF EBOS GROUP LIMITED

We have reviewed the condensed consolidated interim financial statements of EBOS Group Limited and its subsidiaries ("the Group") which comprise the condensed consolidated balance sheet as at 31 December 2014, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 3 to 14.

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

### Board of Directors' Responsibilities

The Board of Directors are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

### Our Responsibilities

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting. As the auditor of EBOS Group Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the condensed consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as auditors, and the provision of due diligence, financial modelling and information technology advisory assistance, we have no relationship with or interests in EBOS Group Limited or its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2014 its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.



Chartered Accountants, Christchurch, New Zealand

This review report relates to the unaudited condensed consolidated interim financial statements of EBOS Group Limited for the six months ended 31 December 2014 included on EBOS Group Limited's website. The Board of Directors are responsible for the maintenance and integrity of EBOS Group Limited's website. We have not been engaged to report on the integrity of EBOS Group Limited's website. We accept no responsibility for any changes that may have occurred to the unaudited condensed consolidated interim financial statements since they were initially presented on the website. The review report refers only to the unaudited condensed consolidated interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited condensed consolidated interim financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the unaudited condensed consolidated interim financial statements and related review report dated 24 February 2015 to confirm the information included in the unaudited condensed consolidated interim financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**EBOS GROUP LIMITED**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the Six Months ended 31 December 2014

	Notes	Six months 31 Dec 14 \$'000 (Unaudited)	Six months 31 Dec 13 \$'000 (Unaudited)	Year ended 30 Jun 14 \$'000 (Audited)
<b>Revenue</b>	2(a)	3,119,873	3,000,051	5,757,234
<b>Income from associates</b>	2(b)	933	619	1,567
<b>Profit before depreciation, amortisation, net finance costs and income tax expense</b>		100,345	94,786	175,422
Depreciation	2(b)	(5,649)	(5,187)	(10,173)
Amortisation of finite life intangibles	2(b)	(6,217)	(6,162)	(12,410)
<b>Profit before net finance costs and income tax expense</b>		88,479	83,437	152,839
Finance income	2(b)	1,192	1,461	2,819
Finance expense	2(b)	(12,657)	(15,551)	(29,877)
Net finance costs	2(b)	(11,465)	(14,090)	(27,058)
<b>Profit before income tax expense</b>	2(b)	77,014	69,347	125,781
Income tax expense		(23,065)	(19,938)	(33,712)
<b>Profit for the period</b>		53,949	49,409	92,069
<b>Earnings per share</b>				
Basic (cents per share)		36.2	34.0	62.8
Diluted (cents per share)		36.2	34.0	62.8

**EBOS GROUP LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the Six Months ended 31 December 2014

	Six months 31 Dec 14 \$'000 (Unaudited)	Six months 31 Dec 13 \$'000 (Unaudited)	Year ended 30 Jun 14 \$'000 (Audited)
<b>Profit for the period</b>	53,949	49,409	92,069
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge (losses)/gains	(811)	404	(2,423)
Related income tax	223	(137)	701
Translation of foreign operations	(8,528)	(20,695)	(24,194)
<b>Total comprehensive income net of tax</b>	44,833	28,981	66,153

**EBOS GROUP LIMITED**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Six Months ended 31 December 2014

Notes	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Hedge reserve \$'000	Total \$'000
<b>Six months ended</b>					
<b>31 December 2013 (unaudited):</b>					
	201,288	(5,675)	107,268	1,996	304,877
	-	-	49,409	-	49,409
	-	(20,695)	-	267	(20,428)
4	-	-	(21,992)	-	(21,992)
3	9,500	-	-	-	9,500
3	149,119	-	-	-	149,119
	(7,356)	-	-	-	(7,356)
3	498,147	-	-	-	498,147
	(145)	-	-	-	(145)
	<b>850,553</b>	<b>(26,370)</b>	<b>134,685</b>	<b>2,263</b>	<b>961,131</b>
<b>Year ended</b>					
<b>30 June 2014 (audited):</b>					
	201,288	(5,675)	107,268	1,996	304,877
	-	-	92,069	-	92,069
	-	(24,194)	-	(1,722)	(25,916)
4	-	-	(52,252)	-	(52,252)
3	20,496	-	-	-	20,496
3	149,119	-	-	-	149,119
	(7,356)	-	-	-	(7,356)
3	498,147	-	-	-	498,147
	(145)	-	-	-	(145)
	<b>861,549</b>	<b>(29,869)</b>	<b>147,085</b>	<b>274</b>	<b>979,039</b>
<b>Six months ended</b>					
<b>31 December 2014 (unaudited):</b>					
	861,549	(29,869)	147,085	274	979,039
	-	-	53,949	-	53,949
	-	(8,528)	-	(588)	(9,116)
4	-	-	(30,490)	-	(30,490)
3	8,904	-	-	-	8,904
	<b>870,453</b>	<b>(38,397)</b>	<b>170,544</b>	<b>(314)</b>	<b>1,002,286</b>

**EBOS GROUP LIMITED**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 31 December 2014

Notes	31 Dec 14 \$'000 (Unaudited)	31 Dec 13 \$'000 (Unaudited)	30 Jun 14 \$'000 (Audited)
<b>Current assets</b>			
Cash and cash equivalents	68,836	92,580	88,698
Trade and other receivables	785,018	755,396	699,276
Prepayments	5,533	7,269	6,748
Inventories	515,397	505,835	491,624
Current tax refundable	82	1,401	83
Other financial assets – derivatives	8 1,761	2,630	1,442
<b>Total current assets</b>	<b>1,376,627</b>	<b>1,365,111</b>	<b>1,287,871</b>
<b>Non-current assets</b>			
Property, plant and equipment	108,250	98,437	84,854
Capital work in progress	731	693	20,872
Prepayments	34	-	54
Deferred tax assets	35,421	28,936	36,589
Goodwill	763,461	721,046	720,875
Indefinite life intangibles	75,708	56,941	56,576
Finite life intangibles	69,694	82,067	77,502
Investment in associates	32,344	22,620	24,100
<b>Total non-current assets</b>	<b>1,085,643</b>	<b>1,010,740</b>	<b>1,021,422</b>
<b>Total assets</b>	<b>2,462,270</b>	<b>2,375,851</b>	<b>2,309,293</b>
<b>Current liabilities</b>			
Trade and other payables	914,690	874,358	821,391
Finance leases	163	968	155
Bank loans	7 176,021	176,560	153,334
Current tax payable	12,238	19,615	14,219
Employee benefits	26,099	22,460	28,830
Other financial liabilities – derivatives	8 4,540	1,668	3,404
<b>Total current liabilities</b>	<b>1,133,751</b>	<b>1,095,629</b>	<b>1,021,333</b>
<b>Non-current liabilities</b>			
Bank loans	7 260,492	262,641	250,826
Trade and other payables	14,630	9,605	9,778
Deferred tax liabilities	46,545	40,073	43,407
Finance leases	250	2,566	680
Employee benefits	4,316	4,206	4,230
<b>Total non-current liabilities</b>	<b>326,233</b>	<b>319,091</b>	<b>308,921</b>
<b>Total liabilities</b>	<b>1,459,984</b>	<b>1,414,720</b>	<b>1,330,254</b>
<b>Net assets</b>	<b>1,002,286</b>	<b>961,131</b>	<b>979,039</b>
<b>Equity</b>			
Share capital	3 870,453	850,553	861,549
Foreign currency translation reserve	(38,397)	(26,370)	(29,869)
Retained earnings	170,544	134,685	147,085
Cash flow hedge reserve	(314)	2,263	274
<b>Total equity</b>	<b>1,002,286</b>	<b>961,131</b>	<b>979,039</b>

**EBOS GROUP LIMITED**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the Six Months ended 31 December 2014

Notes	Six months 31 Dec 14 \$'000 (Unaudited)	Six months 31 Dec 13 \$'000 (Unaudited)	Year ended 30 Jun 14 \$'000 (Audited)
<b>Cash flows from operating activities</b>			
Receipts from customers	3,021,876	2,927,400	5,732,731
Interest received	1,192	1,461	2,819
Payments to suppliers and employees	(2,952,414)	(2,855,278)	(5,561,884)
Taxes paid	(27,494)	(8,460)	(29,637)
Interest paid	(12,657)	(15,551)	(29,877)
<b>Net cash inflow from operating activities</b>	<b>30,503</b>	<b>49,572</b>	<b>114,152</b>
<b>Cash flows from investing activities</b>			
Sale of property, plant & equipment	637	476	1,351
Purchase of property, plant & equipment	(9,920)	(15,485)	(11,725)
Payments for capital work in progress	-	-	(20,115)
Payments for intangible assets	(102)	(631)	(3,467)
Acquisition of associates	(5,581)	(2,988)	(3,520)
Acquisition of subsidiaries	(57,414)	(366,853)	(366,853)
<b>Net cash (outflow) from investing activities</b>	<b>(72,380)</b>	<b>(385,481)</b>	<b>(404,329)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	8,904	151,118	162,114
Proceeds from borrowings	53,433	317,717	310,327
Repayment of borrowings	(8,667)	(211,011)	(233,136)
Dividends paid to equity holders of parent	(30,490)	(21,992)	(52,252)
<b>Net cash inflow from financing activities</b>	<b>23,180</b>	<b>235,832</b>	<b>187,053</b>
Net (decrease) in cash held	(18,697)	(100,077)	(103,124)
Effect of exchange rate fluctuations on cash held during the period	(1,165)	(5,357)	(6,192)
Net cash and cash equivalents at beginning of period	88,698	198,014	198,014
<b>Net cash and cash equivalents at end of period</b>	<b>68,836</b>	<b>92,580</b>	<b>88,698</b>



**EBOS GROUP LIMITED****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Six Months ended 31 December 2014

**1. FINANCIAL STATEMENTS**

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

In a presentation change in the current period, interest revenue is now included within net finance costs rather than revenue. Comparative information has also been presented on a similar basis for consistency. Aside from this change in presentation the same accounting policies and methods of computation are applied in the interim financial statements as were applied in the financial statements for the year ended 30 June 2014. These financial statements should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 30 June 2014. The information is presented in thousands of New Zealand dollars unless otherwise stated.

**2. PROFIT FROM OPERATIONS**

	Six months 31 Dec 14 \$'000 (Unaudited)	Six months 31 Dec 13 \$'000 (Unaudited)	Year ended 30 Jun 14 \$'000 (Audited)
<b>(a) Revenue</b>			
Revenue from the sale of goods	3,074,892	2,955,281	5,671,996
Revenue from the rendering of services	44,981	44,770	85,238
	<u>3,119,873</u>	<u>3,000,051</u>	<u>5,757,234</u>
<b>(b) Profit before income tax expense</b>			
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from operations:			
Gain on sale of property, plant and equipment	6	286	(4)
Change in fair value of derivative financial instruments	(6)	(115)	(213)
Share of profits of associates	933	619	1,567
Profit before income tax has been arrived at after (charging) the following expenses by nature:			
Cost of sales	(2,813,355)	(2,701,778)	(5,187,151)
Write-down of inventory	(1,134)	(1,550)	(3,771)
<u>Net finance costs:</u>			
Interest revenue	1,192	1,461	2,819
Interest expense	(12,657)	(15,551)	(29,877)
Total net finance costs	(11,465)	(14,090)	(27,058)
Impairment on trade & other receivables	(765)	(1,249)	(1,684)
Depreciation of property, plant & equipment	(5,649)	(5,187)	(10,173)
Amortisation of finite life intangibles	(6,217)	(6,162)	(12,410)
Operating lease rental expenses	(12,800)	(12,993)	(25,563)
Donations	(82)	(41)	(107)
Employee benefit expense	(100,404)	(97,585)	(195,232)
Defined contribution plan expense	(5,892)	(5,576)	(11,141)
Other expenses	(86,029)	(85,283)	(158,513)
Total expenses, net of interest revenue	<u>(3,043,792)</u>	<u>(2,931,494)</u>	<u>(5,632,803)</u>
<b>Profit before income tax expense</b>	<u>77,014</u>	<u>69,347</u>	<u>125,781</u>

**EBOS GROUP LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

For the Six Months ended 31 December 2014

**3. SHARE CAPITAL**

	No. '000	Six months 31 Dec 14 (Unaudited) Total \$'000	No. '000	Six months 31 Dec 13 (Unaudited) Total \$'000	No. '000	Year ended 30 Jun 14 (Audited) Total \$'000
<b>Fully paid ordinary shares</b>						
Balance at beginning of period	148,720	861,549	65,546	201,288	65,546	201,288
Dividend reinvested –						
October 2013	-	-	996	9,500	996	9,500
April 2014	-	-	-	-	1,110	10,996
October 2014	1,019	8,904	-	-	-	-
Rights issue –						
July 2013	-	-	22,941	149,119	22,941	149,119
Share issue costs	-	-	-	(7,356)	-	(7,356)
Issue of consideration shares –						
July 2013	-	-	58,127	498,147	58,127	498,147
Share issue costs	-	-	-	(145)	-	(145)
	<u>149,739</u>	<u>870,453</u>	<u>147,610</u>	<u>850,553</u>	<u>148,720</u>	<u>861,549</u>

**4. DIVIDENDS**

	Six months 31 Dec 14 (Unaudited)		Six months 31 Dec 13 (Unaudited)		Year ended 30 Jun 14 (Audited)	
	Cents per share	Total \$'000	Cents per share	Total \$'000	Cents per share	Total \$'000
<u>Recognised amounts</u>						
Fully paid ordinary shares						
Final – prior year	20.5	30,490	15.0	21,992	15.0	21,992
Interim – current year	-	-	-	-	20.5	30,260
	<u>20.5</u>	<u>30,490</u>	<u>15.0</u>	<u>21,992</u>	<u>35.5</u>	<u>52,252</u>
<u>Unrecognised amounts</u>						
Final dividend	-	-	-	-	20.5	30,490
Interim dividend	22.0	32,943	20.5	30,260	-	-
	<u>22.0</u>	<u>32,943</u>	<u>20.5</u>	<u>30,260</u>	<u>20.5</u>	<u>30,490</u>

The Board approved an interim dividend of 22.0 cents per share on 24 February 2015. The record date for the dividend is 13 March 2015 and the dividend will be paid on 2 April 2015. The Group's dividend reinvestment plan will be operable for this interim dividend.

For the Six Months ended 31 December 2014

5. NOTES TO THE CASH FLOW STATEMENT

	Six months 31 Dec 14 \$'000 (Unaudited)	Six months 31 Dec 13 \$'000 (Unaudited)	Year ended 30 Jun 14 \$'000 (Audited)
<b>Reconciliation of profit for the period with cash flows from operating activities</b>			
<b>Profit for the period</b>	53,949	49,409	92,069
Add/(less) non-cash items:			
Depreciation of property, plant and equipment	5,649	5,187	10,173
Amortisation of finite life intangibles	6,217	6,162	12,410
Gain on sale of property, plant & equipment	(6)	(286)	4
Share of profits of associates	(933)	(619)	(1,567)
Loss on derivative financial instruments	6	115	213
Deferred tax	(1,821)	(2,901)	(6,366)
	9,112	7,658	14,867
Movements in working capital:			
Trade and other receivables	(85,742)	(18,967)	37,153
Prepayments	1,235	584	1,051
Inventories	(23,773)	52,515	66,726
Current tax refundable/(payable)	(1,980)	13,464	9,386
Trade and other payables	98,151	(17,171)	(69,965)
Provision for employee benefits	(2,645)	(4,930)	1,464
Foreign currency translation of opening working capital balances	(9,496)	(32,990)	(38,599)
	(24,250)	(7,495)	7,216
Working capital items relating to investing activities	(9,709)	-	-
Working capital items acquired on acquisition	1,401	-	-
<b>Net cash inflow from operating activities</b>	30,503	49,572	114,152

**EBOS GROUP LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

For the Six Months ended 31 December 2014

**6. SEGMENT INFORMATION**
**(a) Products and services from which reportable segments derive their revenues**

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

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

Animal care: Incorporates the sale of animal care products in a range of sectors, own brands, retail and wholesale activities.

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

**(b) Segment revenues and results**

The following is an analysis of the Group's revenue and results by reportable segment:

	Six months 31 Dec 14 \$'000 (Unaudited)	Six months 31 Dec 13 \$'000 (Unaudited)	Year ended 30 Jun 14 \$'000 (Audited)
<b>Revenue from external customers</b>			
Healthcare	2,928,736	2,823,018	5,418,356
Animal care	191,137	177,033	338,878
	<u>3,119,873</u>	<u>3,000,051</u>	<u>5,757,234</u>
<b>Segment result (EBITDA)</b>			
Healthcare	88,541	81,922	153,055
Animal care	16,843	15,720	29,431
Corporate	(5,039)	(2,856)	(7,064)
	<u>100,345</u>	<u>94,786</u>	<u>175,422</u>
<b>Segment expenses</b>			
Healthcare:			
Depreciation of property, plant and equipment	(4,973)	(4,439)	(8,693)
Amortisation of finite life intangibles	(5,039)	(5,139)	(10,401)
Income tax expense	(23,880)	(20,133)	(34,644)
	<u>(33,892)</u>	<u>(29,711)</u>	<u>(53,738)</u>
Animal care:			
Depreciation of property, plant and equipment	(676)	(748)	(1,480)
Amortisation of finite life intangibles	(1,178)	(1,023)	(2,009)
Income tax expense	(3,782)	(4,402)	(7,701)
	<u>(5,636)</u>	<u>(6,173)</u>	<u>(11,190)</u>
Corporate:			
Net finance costs	(11,465)	(14,090)	(27,058)
Income tax credit	4,597	4,597	8,633
	<u>(6,868)</u>	<u>(9,493)</u>	<u>(18,425)</u>
<b>Profit for the period</b>			
Healthcare	54,649	52,211	99,317
Animal care	11,207	9,547	18,241
Corporate	(11,907)	(12,349)	(25,489)
	<u>53,949</u>	<u>49,409</u>	<u>92,069</u>

## EBOS GROUP LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the Six Months ended 31 December 2014

#### 6. SEGMENT INFORMATION (Continued)

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

**(c) Segment assets**

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

- Assets
- Liabilities
- Capital expenditure

**(d) Revenues from major products and services**

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

**(e) Geographical information**

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

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

	Six months 31 Dec 14 \$'000 (Unaudited)	Six months 31 Dec 13 \$'000 (Unaudited)	Year ended 30 Jun 14 \$'000 (Audited)
<b>Revenue from external customers</b>			
New Zealand	672,285	649,619	1,278,650
Australia	2,447,588	2,350,432	4,478,584
	<u>3,119,873</u>	<u>3,000,051</u>	<u>5,757,234</u>
<b>Non-current assets</b>			
New Zealand	208,455	207,002	207,395
Australia	809,423	752,182	753,338
	<u>1,017,878</u>	<u>959,184</u>	<u>960,733</u>

**(f) Information about major customers**

No revenues from transactions with a single customer amount to 10% or more of the Group's revenues (December 2013: Nil, June 2014: Nil).

#### 7. BANK FACILITY AND BORROWINGS

The Group fully complies with and operates within the financial covenants under the arrangements with its bankers. At 31 December 2014 the Group had unutilised term and revolving cash advance facilities of \$89.6m (December 2013: \$79.8m, June 2014: \$87.6m).

The Group also has a trade debtor securitisation facility of which \$226.3m was unutilised at 31 December 2014 (December 2013: \$310m, June 2014: \$319.7m).

**EBOS GROUP LIMITED****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

For the Six Months ended 31 December 2014

**7. BANK FACILITY AND BORROWINGS (Continued)**

During the current period the Group renegotiated some of the terms and conditions of its securitisation and term debt facilities.

This renegotiation included an extension of the expiry date of the securitisation facility to August 2017, previously September 2015, and a voluntary reduction in the available facility limit from NZ\$438.6m (A\$420m) to \$NZ402.0m (A\$385m).

The term of the Group's existing bank debt facilities have also been extended as part of these renegotiations. As a result the maturity profile of the Group's term debt, working capital and securitisation facilities are now:

<b>Facility</b>	<b>Amount</b>	<b>Maturity</b>
Term debt facilities	\$76.9m	August 2016
Term debt facilities	\$92.0m	August 2018
Term debt facilities	\$91.6m	August 2019
Working capital facilities	\$89.9m	July 2015
Securitisation facility	\$402.0m	August 2017

**8. FINANCIAL INSTRUMENTS**

The Group enters into foreign currency forward exchange contracts to hedge trading transactions, including anticipated transactions, denominated in foreign currencies and uses interest rate swaps to manage cash flow interest rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as cashflow hedges of highly probable forecast transactions.

	<b>Six months 31 Dec 14 \$'000 (Unaudited)</b>	<b>Six months 31 Dec 13 \$'000 (Unaudited)</b>	<b>Year ended 30 Jun 14 \$'000 (Audited)</b>
<b>Fair value of derivative financial instruments</b>			
Other financial assets – derivatives:			
Foreign currency forward exchange contracts	1,761	1,077	103
Interest rate swaps	-	1,553	1,339
	<u>1,761</u>	<u>2,630</u>	<u>1,442</u>
Other financial liabilities – derivatives:			
Foreign currency forward exchange contracts	(30)	-	(953)
Interest rate swaps	(4,510)	(1,668)	(2,451)
	<u>(4,540)</u>	<u>(1,668)</u>	<u>(3,404)</u>

The Group has categorised these derivatives, both financial assets and financial liabilities, as Level 2 under the fair value hierarchy contained within NZ IFRS 13.

The fair value of foreign currency forward exchange contracts is determined using a discounted cashflow valuation. Key inputs include observable forward exchange rates, at the measurement date, with the resulting value discounted back to present values.

For the Six Months ended 31 December 2014

**8. FINANCIAL INSTRUMENTS (Continued)**

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

There have been no changes in valuation techniques used for either foreign currency forward exchange contracts or interest rate swaps during the current reporting period.

There were no transfers between fair value hierarchy levels during either the current or prior periods.

**9. RELATED PARTY DISCLOSURES**

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

As at 31 December 2014 no balances were owing to or from related parties of EBOS Group Limited (December 2013: Nil, June 2014: Nil).

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

**10. EVENTS AFTER BALANCE DATE**

Subsequent to 31 December 2014, the Board approved an interim dividend to shareholders. For further details please refer to Note 4.

**EBOS GROUP LIMITED****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

For the Six Months ended 31 December 2014

**11. ACQUISITION OF SUBSIDIARIES**

On 31 October 2014 the Group acquired 100% control over the issued capital of Blackhawk Premium Pet Care Pty Limited. Details of the acquisition are as follows:

**Assets and liabilities acquired:**

	Carrying Value \$'000	Fair value adjustment \$'000	Fair value on acquisition \$'000
<b>Current assets</b>			
Cash and cash equivalents	1,119	-	1,119
Trade and other receivables	4,298	-	4,298
Prepayments	6	-	6
Inventories	305	-	305
<b>Non-current assets</b>			
Property, plant and equipment	412	-	412
Indefinite life intangibles	-	21,387 <sup>1</sup>	21,387
<b>Current liabilities</b>			
Trade and other payables	(1,309)	(361) <sup>2</sup>	(1,670)
Employee benefits	(53)	-	(53)
Taxation payable	(1,485)	-	(1,485)
<b>Non-current liabilities</b>			
Deferred tax liabilities	-	(6,416) <sup>3</sup>	(6,416)
<b>Net assets acquired</b>	<b>3,293</b>	<b>14,610</b>	<b>17,903</b>
Goodwill on acquisition			46,257
Total consideration			64,160
Less cash and cash equivalents acquired			(1,119)
Deferred purchase consideration			(5,627)
<b>Net cash (outflow) on acquisition</b>			<b>(57,414)</b>

1. To recognise the 'BlackHawk' brand as a result of a valuation performed at acquisition.
2. To recognise additional liabilities identified as part of the acquisition.
3. To recognise additional deferred tax liabilities incurred.

**Goodwill arising on acquisition**

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

Blackhawk was acquired as it is a profitable premium animal food supply business which the Group believes fits strategically with its Animal care business assets.

**Impact of the acquisition on the results of the Group**

Blackhawk contributed \$874,000 to the Group profit for the period. Group revenue for the period includes \$4,362,000 in respect of Blackhawk. Had the Blackhawk acquisition been effective at 1 July 2014 the revenue of the Group from continuing operations would have been \$3,129,000,000 and the profit for the period from continuing operations would have been \$55,400,000.



## **EBOS GROUP LIMITED DIRECTORY**

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

### **SENIOR EXECUTIVES**

Patrick Davies	Chief Executive Officer
Brett Barons	General Manager, Symbion Pharmacy
Michael Broome	Group General Manager, Contract Logistics
Simon Bunde	General Manager, Group Operations & Strategy
Angus Cooper	General Manager, Group Projects, Mergers & Acquisitions
John Cullity	Chief Financial Officer
Sean Duggan	Chief Executive Officer, Animal Care
Tim Goldenberg	Group Human Resources Manager
Kelvin Hyland	General Manager, EBOS Healthcare
David Lewis	General Manager, Propharma
Greg Managh	Group Chief Information Officer
Stuart Spencer	General Manager, Group Business Development
Sarah Turner	General Counsel
Andrew Vidler	General Manager, Retail Services

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### **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](http://www.computershare.com/investorcentre)

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