

\$27.2

MILLION IN EARNINGS

29c

EARNINGS PER SHARE



30% UP ON THE LAST
INTERIM DIVIDEND

**A STRONG
RESULT**

CONTENTS

Directors' Report	2
Condensed Consolidated Income Statement	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Balance Sheet	6
Condensed Consolidated Cash Flow Statement	8
Notes to the Interim Financial Statements	10
Summary of Financial Highlights	17
Shareholder Calendar	17
Directory	18
Trading Entities	19

STRONG EARNINGS GROWTH CONTINUES AND INTERIM DIVIDEND INCREASED

KEY POINTS

- Earnings before interest, taxation, depreciation and amortisation (EBITDA) of \$27.2m, 35.8% increase from \$20.06m in the prior corresponding period.
- Net profit after tax (NPAT) of \$14.96m, 29.2% increase from \$11.57m.
- Interim dividend of 17.5 cents per share, up 30% on the last interim dividend.
- Earnings per share at 29 cents, up 31.8% on 22 cents.

TRADING HEALTHCARE

Earnings of the Healthcare segment were consistent, with EBITDA of \$19.6m. Focus for the first half year has been on seeking new business opportunities, new product lines and investment for future growth.

In a market sector influenced by government policy and regulatory changes in New Zealand and Australia, EBOS is continually looking to see how best to add value for customers to maximise the use of their health budget dollars.

ANIMAL CARE

Animal care segment performed strongly with EBITDA of \$9.4m in line with expectations. The focus has been on growth opportunities, new products, and adding value to key customer channels. Investment in Australia offers good growth prospects compared with the higher market share of Masterpet in New Zealand.

DIVIDEND

Directors have declared a fully imputed interim dividend of 17.5 cents per share, an increase of 4.0 cents per share over the last interim dividend.

The dividend will be payable on 3 April 2013 to shareholders on the register at close of business 8 March 2013. The Dividend Reinvestment Plan will be operative for this dividend payment, with a 2.5% discount to market.

OUTLOOK

EBOS is constantly evaluating new opportunities that can be value accretive to its shareholders. Masterpet is the most recent example of a large acquisition adding value. Prior to this the PRNZ acquisition achieved a similarly positive result. EBOS will continue its acquisitive strategy when the strategic fit is right, and there is real benefit for shareholders.

EBOS directors anticipate a strong full year result.



Mark Waller
Managing Director/CEO



Rick Christie
Chairman of Directors

19 February 2013

EBOS GROUP LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

For the Six Months ended 31 December 2012 (unaudited)

	Notes	Six months 31 Dec 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Revenue	2(a)	755,250	690,334	1,428,679
Profit before depreciation, amortisation, finance costs and income tax expense		27,230	20,055	46,856
Depreciation	2(b)	(2,171)	(1,655)	(3,674)
Amortisation of finite life intangibles	2(b)	(91)	(16)	(94)
Profit before finance costs and tax		24,968	18,384	43,088
Finance costs	2(b)	(4,140)	(2,352)	(6,987)
Profit before income tax expense	2(b)	20,828	16,032	36,101
Income tax expense		(5,869)	(4,458)	(8,152)
Profit for the period		14,959	11,574	27,949
Earnings per share				
Basic (cents per share)		29	22	54
Diluted (cents per share)		29	22	54

Calculated on a weighted average basis of the number of shares on issue.

EBOS GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months ended 31 December 2012 (unaudited)

	Six months 31 Dec 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Profit for the period	14,959	11,574	27,949
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges (losses)/gains	(485)	358	176
Related income tax	144	(126)	(123)
(Losses)/gains on translation of foreign operations	(329)	129	(1,783)
Total comprehensive income net of tax	14,289	11,935	26,219

EBOS GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months ended 31 December 2012 (unaudited)

	Notes	Six months 31 Dec 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Equity at start of period		208,601	198,796	198,796
Profit for the period		14,959	11,574	27,949
Other comprehensive income:				
Movements in cashflow hedge reserve		(341)	232	53
Movement in foreign currency translation reserve		(329)	129	(1,783)
Dividends paid to company shareholders	4	(10,682)	(9,379)	(16,414)
Shares issued	3	3,695	-	-
Equity at end of period		215,903	201,352	208,601

EBOS GROUP LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2012 (unaudited)

Notes	31 Dec 12 \$'000	31 Dec 11 \$'000	30 Jun 12 \$'000
Current assets			
Cash and cash equivalents	41,782	45,020	52,646
Trade and other receivables	178,149	182,748	175,712
Prepayments	2,912	2,222	4,540
Inventories	162,248	164,937	162,997
Current tax refundable	1,575	1,202	735
Other financial assets – derivatives	35	128	109
Total current assets	386,701	396,257	396,739
Non-current assets			
Property, plant and equipment	22,053	22,449	23,489
Capital work in progress	191	154	9
Prepayments	348	683	195
Receivable from jointly controlled entity	-	1,263	-
Deferred tax assets	6,357	4,763	7,426
Goodwill	180,422	178,904	180,553
Indefinite life intangibles	30,867	30,928	30,881
Finite life intangibles	269	340	279
Investment in associates	18,838	18,247	18,428
Total non-current assets	259,345	257,731	261,260
Total assets	646,046	653,988	657,999
Current liabilities			
Bank overdraft	-	2,839	307
Trade and other payables	263,147	276,720	275,548
Finance leases	411	576	534
Bank loans	7 9,001	60,237	10,156
Current tax payable	4,219	4,942	6,988
Employee benefits	8,021	7,142	8,412
Other financial liabilities – derivatives	870	324	530
Total current liabilities	285,669	352,780	302,475

EBOS GROUP LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

As at 31 December 2012 (unaudited)

	Notes	31 Dec 12 \$'000	31 Dec 11 \$'000	30 Jun 12 \$'000
Non-current liabilities				
Bank loans	7	127,273	85,067	129,684
Trade and other payables		4,113	4,293	3,943
Deferred tax liabilities		10,784	8,109	10,880
Finance leases		1,034	1,271	1,064
Employee benefits		1,270	1,116	1,352
Total non-current liabilities		144,474	99,856	146,923
Total liabilities		430,143	452,636	449,398
Net assets		215,903	201,352	208,601
Equity				
Share capital	3	111,665	107,970	107,970
Foreign currency translation reserve		361	2,602	690
Retained earnings		104,636	91,019	100,359
Cash flow hedge reserve		(759)	(239)	(418)
Total equity		215,903	201,352	208,601

EBOS GROUP LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Six Months ended 31 December 2012 (unaudited)

	Notes	Six months 31 Dec 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Cash flows from operating activities				
Receipts from customers		751,727	689,518	1,433,077
Interest received		446	1,261	1,746
Payments to suppliers and employees		(738,896)	(680,075)	(1,391,675)
Taxes paid		(8,239)	(5,225)	(8,049)
Interest paid		(4,140)	(2,352)	(6,987)
Net cash inflow from operating activities	5	898	3,127	28,112
Cash flows from investing activities				
Sale of property, plant & equipment		437	23	103
Purchase of property, plant & equipment		(1,129)	(1,295)	(3,821)
Payments for capital work in progress		(182)	(154)	(9)
Payments for intangible assets		(83)	(7)	(30)
Advanced to jointly controlled entity		-	(5)	(1,057)
Acquisition of associates		-	(18,200)	(18,200)
Acquisition of subsidiaries		-	(90,415)	(89,915)
Net cash (outflow) from investing activities		(957)	(110,053)	(112,929)
Cash flows from financing activities				
Proceeds from issue of shares	3	3,695	-	-
Proceeds from borrowings		2,700	60,041	172,250
Repayment of borrowings		(6,044)	(1,500)	(118,501)
Dividends paid to equity holders of parent	4	(10,682)	(9,379)	(16,414)
Net cash (outflow)/inflow from financing activities		(10,331)	49,162	37,335

EBOS GROUP LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

For the Six Months ended 31 December 2012 (unaudited)

	Notes	Six months 31 Dec 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Net (decrease) in cash held		(10,390)	(57,764)	(47,482)
Effect of exchange rate fluctuations on cash held		(167)	267	143
Net cash and cash equivalents at beginning of period		52,339	99,678	99,678
Net cash and cash equivalents at end of period		41,782	42,181	52,339
Cash and cash equivalents		41,782	45,020	52,646
Bank overdrafts		-	(2,839)	(307)
		41,782	42,181	52,339

EBOS GROUP LIMITED

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Six Months ended 31 December 2012 (unaudited)

1. FINANCIAL STATEMENTS

The unaudited interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) "Interim Financial Reporting" and other applicable reporting standards appropriate for profit oriented entities.

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 2012. 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 2012. The information is presented in thousands of New Zealand dollars.

2. PROFIT FROM OPERATIONS

	Six months 31 Dec 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
(a) Revenue			
Revenue from the sale of goods	753,378	687,632	1,423,398
Revenue from the rendering of services	1,308	1,327	3,117
Management fees	118	113	176
Interest revenue	446	1,262	1,746
Gain on disposal of associate	-	-	242
	<u>755,250</u>	<u>690,334</u>	<u>1,428,679</u>
(b) Profit before income tax expense			
Profit before income tax has been arrived at after crediting/ (charging) the following gains and losses from operations:			
Gain/(loss) on sale of property, plant and equipment	227	4	(128)
Change in fair value of derivative financial instruments	79	54	33
Share of dividends from associate	-	-	500
Share of profits of associates (net of dividends)	410	47	44
Profit before income tax has been arrived at after (charging) the following expenses by nature:			
Cost of sales	(656,945)	(620,215)	(1,263,234)
Write-down of inventory	(1,280)	(504)	(1,769)
Finance costs:			
Bank interest	(3,863)	(2,299)	(6,572)
Other interest expense	(277)	(53)	(415)
Total finance costs	<u>(4,140)</u>	<u>(2,352)</u>	<u>(6,987)</u>

EBOS GROUP LIMITED

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the Six Months ended 31 December 2012 (unaudited)

	Six months 31 Dec 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Net bad and doubtful debts arising from:			
Impairment loss on trade & other receivables	(357)	(139)	(293)
Depreciation of property, plant & equipment	(2,171)	(1,655)	(3,674)
Amortisation of finite life intangibles	(91)	(16)	(94)
Operating lease rental expenses:			
Minimum lease payments	(4,788)	(3,197)	(7,614)
Donations	(30)	(25)	(34)
Employee benefit expense	(35,009)	(25,435)	(60,511)
Other expenses	(30,327)	(20,869)	(48,817)
Total expenses	(735,138)	(674,407)	(1,393,027)
Profit before income tax expense	20,828	16,032	36,101

EBOS GROUP LIMITED

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the Six Months ended 31 December 2012 (unaudited)

3. SHARE CAPITAL

	Six months 31 Dec 12		Six months 31 Dec 11		Year ended 30 Jun 12	
	No. '000	Total \$'000	No. '000	Total \$'000	No. '000	Total \$'000
Fully paid ordinary shares						
Balance at beginning of period	52,107	107,970	52,107	107,970	52,107	107,970
Dividend re-invested – 5 October 2012	429	3,445	-	-	-	-
Issue of shares to executives and staff under employee share ownership scheme	63	250	-	-	-	-
	<u>52,599</u>	<u>111,665</u>	<u>52,107</u>	<u>107,970</u>	<u>52,107</u>	<u>107,970</u>

4. DIVIDENDS

	Six months 31 Dec 12		Six months 31 Dec 11		Year ended 30 Jun 12	
	Cents per share	Total \$'000	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts:						
Fully paid ordinary shares						
- Final – prior year	20.5	10,682	18.0	9,379	18.0	9,379
- Interim – current year	-	-	-	-	13.5	7,035
	<u>20.5</u>	<u>10,682</u>	<u>18.0</u>	<u>9,379</u>	<u>31.5</u>	<u>16,414</u>
Unrecognised amounts:						
Final dividend	-	-	-	-	20.5	10,682
Interim dividend	17.5	9,205	13.5	7,035	-	-
	<u>17.5</u>	<u>9,205</u>	<u>13.5</u>	<u>7,035</u>	<u>20.5</u>	<u>10,682</u>

The interim dividend will be paid on 3 April 2013. The Group's dividend reinvestment plan will be operable for this interim dividend.

EBOS GROUP LIMITED

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the Six Months ended 31 December 2012 (unaudited)

5. NOTES TO THE CASH FLOW STATEMENT

	Six months 31 Dec 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Reconciliation of profit for the period with cash flows from operating activities			
Profit for the period	14,959	11,574	27,949
Add/(less) non-cash items:			
Depreciation	2,171	1,655	3,674
(Gain)/loss on sale of property, plant & equipment	(227)	(4)	128
(Gain) on disposal of associate	-	-	(242)
Share of profits of associates	(410)	(47)	(228)
Amortisation of finite life intangibles	91	16	94
(Gain) on derivatives/financial instruments	(79)	(54)	(33)
Deferred tax	1,264	(54)	(1,711)
Provision for doubtful debts	(125)	139	(97)
	2,685	1,651	1,585
Movements in working capital:			
Trade and other receivables	(2,312)	(30,090)	(22,818)
Prepayments	1,475	615	(1,215)
Inventories	749	(43,130)	(41,190)
Current tax refundable/payable	(3,609)	1,363	3,876
Trade and other payables	(12,231)	17,292	15,770
Employee benefits	(473)	2,587	4,093
Foreign currency (gain) on translation of opening working capital balances	(345)	(36)	(1,918)
	(16,746)	(51,399)	(43,402)
Movements in items treated as investing activities	-	41,301	41,980
Net cash inflow from operating activities	898	3,127	28,112

EBOS GROUP LIMITED

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the Six Months ended 31 December 2012 (unaudited)

6. SEGMENT INFORMATION

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

The Group's reportable segments are:

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.

The animal care operations were acquired in December 2011.

Corporate: Includes net funding costs and parent company 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 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Revenue from external customers			
Healthcare	673,312	673,529	1,340,633
Animal care	81,492	15,543	86,300
Corporate	446	1,262	1,746
Segment result			
Healthcare	19,573	18,999	40,836
Animal care	9,378	1,870	10,137
Corporate	(1,721)	(814)	(4,117)
Segment expenses			
Healthcare:			
Depreciation	(1,622)	(1,570)	(3,142)
Amortisation of finite life intangibles	(15)	-	-
Income tax expense	(5,116)	(4,861)	(10,261)

EBOS GROUP LIMITED

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the Six Months ended 31 December 2012 (unaudited)

	Six months 31 Dec 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Animal care:			
Depreciation	(549)	(85)	(532)
Amortisation of finite life intangibles	(76)	(16)	(94)
Income tax expense	(2,395)	(483)	(999)
Corporate:			
Finance costs	(4,140)	(2,352)	(6,987)
Income tax credit	1,642	886	3,108
Profit for the period			
Healthcare	12,820	12,568	27,433
Animal care	6,358	1,286	8,512
Corporate	(4,219)	(2,280)	(7,996)

For the 2013 financial year the Group has restructured its internal reporting structure. The information now analysed by the chief operating decision maker includes a corporate segment. Comparative numbers have also been restated.

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

(c) Segment assets

The following balance sheet 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

EBOS GROUP LIMITED

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

For the Six Months ended 31 December 2012 (unaudited)

6. SEGMENT INFORMATION (CONTINUED)

(d) Revenues from major products and services

The Group's major products and services are 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 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Revenue from external customers			
New Zealand	642,183	623,676	1,252,123
Australia	113,067	66,658	176,556
	<u>755,250</u>	<u>690,334</u>	<u>1,428,679</u>
Non-current assets			
New Zealand	207,464	210,436	210,465
Australia	26,686	24,285	24,941
	<u>234,150</u>	<u>234,721</u>	<u>235,406</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 2011: Nil, June 2012: 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 2012 the Group has unutilised borrowing facilities of \$68m (December 2011: \$45m, June 2012: \$65m). The Group's term loan facilities mature in August 2014 (\$124m) and August 2016 (\$77m).

EBOS GROUP LIMITED

SUMMARY OF FINANCIAL HIGHLIGHTS

	Six months 31 Dec 12 \$'000	Six months 31 Dec 11 \$'000	Year ended 30 Jun 12 \$'000
Revenue	755,250	690,334	1,428,679
EBITDA	27,230	20,055	46,856
Profit before income tax expense	20,828	16,032	36,101
Profit for the period	14,959	11,574	27,949
Shareholders' interest	215,903	201,352	208,601
Earnings per share	29c	22c	54c
Interest cover	6.0	7.8	6.2
Net interest bearing debt to net interest bearing debt plus equity	30.8%	34.3%	29.9%
Net asset backing per share	410c	386c	400c

SHAREHOLDER CALENDAR

Interim dividend payable	3 April 2013
Release of full year result	Late August 2013
Final dividend payable	Late October 2013
Annual General Meeting	22 October 2013

EBOS GROUP LIMITED

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Group General Manager
– Healthcare Logistics/ProPharma

Angus Cooper
General Manager
– Group Projects/Mergers & Acquisitions

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Chief Financial Officer

Sean Duggan
Chief Executive – Masterpet

Kelvin Hyland
General Manager
– EBOS Healthcare New Zealand

David Lewis
General Manager
– EBOS Healthcare Australia

Greg Managh
Group General Manager
– Onelink/MIS

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EBOS GROUP LIMITED

TRADING ENTITIES

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