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EBOS GROUP LIMITED

EBOS GROUP LIMITED

INFORMATION MEMORANDUM

(Incorporated in New Zealand under the Companies Act 1993 with registered number 120844)

This Information Memorandum has been issued to facilitate an application for the admission of EBOS Group Limited (*EBOS*) to the Official List of the Australian Securities Exchange (*ASX*). No offer of securities is being made pursuant to this Information Memorandum and this document is not a prospectus, investment statement or an offer information statement.

Dated: 7 November 2013

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IMPORTANT INFORMATION

About this Information Memorandum

This Information Memorandum is prepared as at, and dated, 7 November 2013. This document is not a prospectus, investment statement or an offer information statement and does not constitute an offer of Shares or an invitation to apply for the issue of Shares in any jurisdiction. However, this Information Memorandum does contain the information that would be required under section 710 of the Corporations Act if it were a prospectus offering for subscription the same number of securities for which quotation is sought.

This Information Memorandum is available in electronic form on the internet at http://www.ebos.co.nz/investor-information.php. If you are reading the electronic version of this Information Memorandum you must be located in Australia or New Zealand. Any person receiving this Information Memorandum electronically may obtain a paper copy of this Information Memorandum (free of charge) by calling the Company on +64 (3) 338 0999.

EBOS is listed on the NZX Main Board in New Zealand. The NZX Main Board is an equities market operated by NZX Limited. NZX Limited has not examined or approved the contents of this document.

EBOS is a New Zealand Company

There are differences in how securities and financial products are regulated under New Zealand, as opposed to Australian, law.

The rights, remedies and compensation arrangements available to Australian investors in New Zealand securities and financial products may differ from the rights, remedies and compensation arrangements for Australian securities and financial products.

The taxation treatment of New Zealand securities and financial products is not the same as that for Australian securities and products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial advisor.

An investment in EBOS may involve a currency exchange risk. The currency for the security or financial product is New Zealand dollars rather than Australian dollars. The value of the security or financial product will go up and down according to changes in the exchange rate between New Zealand dollars and Australian dollars. These changes may be significant.

Payments received in relation to the security or financial product that are not in Australian dollars may incur significant fees in having the funds credited to a bank account in Australia in Australian dollars.

ASX Listing

An application will be made to the ASX for permission to list EBOS and to quote the Shares on ASX. If and when this occurs, the ASX Listing Rules will apply to EBOS (subject to any waivers or rulings given from time to time by ASX). EBOS' ASX "ticker" code is "**EBO**". Details of the waivers sought by EBOS from ASX in respect of certain requirements of the ASX Listing Rules are set out in section 3.4 of this Information Memorandum. The ASX is not a registered market under the Securities Markets Act.

The fact that the ASX may admit EBOS to its Official List is not to be taken in any way as an indication of the merits of the Company. The ASX (and its officers) takes no responsibility for the contents of this Information Memorandum.

NZX Listing and Continuous Disclosure

EBOS has been listed on the NZX Main Board since 1 December 1960. This Information Memorandum is intended to be read in conjunction with the publicly available information lodged with NZX Limited. Shares issued by EBOS are quoted on the NZX Main Board, operated by NZX Limited, under the ticker code EBO. As a listed company, EBOS is subject to continuous disclosure obligations which require it to notify certain material information to NZX Limited for the purpose of that information being made available to participants in the NZX Main Board securities market. You should note that other important information about EBOS is contained in the disclosures it has made pursuant to its continuous disclosure obligations under the Securities Markets Act and the NZX Listing Rules. A copy of the material information notified to NZX Limited may be viewed and obtained on its website at http://www.nzx.co.nz/ under the ticker code EBO.

Forward Looking Statements

This Information Memorandum contains certain statements that relate to the future. Such statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of EBOS Group and which may cause actual results, performance or achievements of EBOS Group to differ materially from those expressed or implied by such statements. Past performance is not an indicator of future performance.

Distribution Restrictions

No person may offer, sell, or deliver Shares or distribute any documents (including this Information Memorandum) to any person outside New Zealand or Australia, except in accordance with all of the legal requirements of the relevant jurisdiction.

Risk and Suitability of an Investment in EBOS

This Information Memorandum does not take into account each investor's investment objectives, financial situation and particular needs. Investors should read this Information Memorandum in full before deciding whether to invest. In particular, investors should consider the risk factors that could affect EBOS Group's performance, particularly with regard to their personal circumstances. No person guarantees the Shares or EBOS Group's market or financial performance. EBOS Group is not providing financial product advice.

Supplementary Disclosure

EBOS will issue a supplementary information memorandum if EBOS becomes aware of any of the following between the issue of this Information Memorandum and the date on which the Company's securities are officially quoted by ASX:

- a material statement in this Information Memorandum is misleading or deceptive;
- there is a material omission from this Information Memorandum;
- there has been a significant change affecting a matter included in this Information Memorandum; or
- a significant new circumstance has arisen and it would have been required to be included in this Information Memorandum.

Definitions

Capitalised terms used in this Information Memorandum have defined meanings which appear in the Glossary (section 10). All references to time are to time in New Zealand, similarly all references to currency are to New Zealand dollars unless otherwise noted. On 6 November 2013 the NZ$/A$ exchange rate was NZ$1.00: AU$0.87. Unless the context requires otherwise, singular words include the plural and vice versa.

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1. Chairman's Letter

Dear investor

We recently successfully completed the largest transaction in the history of the Company, the acquisition of Symbion, and did so in a manner generating significant shareholder value. The Symbion transaction is important to us for a number of reasons. Our increased size means that we now have the scale to invest in the infrastructure that will create further efficiencies for our manufacturing and pharmaceutical partners, while maintaining or creating market leading positions for our business units.

The transaction also expands our shareholder base, resulting in greater share liquidity, an improved NZX 50 position and increased research coverage.

To facilitate Australian investors' ability to trade in EBOS' Shares with ease, the Board considers it desirable to seek a listing on the ASX.

As well as providing a less complex trading platform for Australian investors, the ASX listing will benefit EBOS' shareholders by providing the Company with exposure to the Australian investment market. This market is significantly larger than the New Zealand market.

As EBOS Group is already well funded it will not be seeking to raise any funds as part of the listing.

In summary, I encourage you to study this Information Memorandum and consider EBOS as an investment with an excellent track record.

Yours faithfully
EBOS Group Limited

Rick Christie
Chairman

2. Investment Highlights

2.1 *Where we have come from: A small privately owned company to now the third largest New Zealand-based listed company, by revenue, with a market capitalisation of over $1.4B.*

1922	Company was founded as Early Brothers Trading Co. Limited
1960	Company is listed on the New Zealand Stock Exchange
1986	Company name becomes EBOS Group Limited
1989	EBOS commences trading in Australia
1990	Acquired Kempthorne Medical Supplies Ltd, New Zealand's oldest medical company
1996	Acquisition of the largest private medical wholesaler in NSW – Richard Thompson & Co
2002	Completion of the acquisition of Health Support Limited
2004	Acquisition of Stelmara Medical Pty, Maygar Medical & Vernon Carus to expand coverage to Queensland and Victoria and into the Hospital and Aged Care sectors
2006	Attained Top 50 listing on the NZX Main Board
2007	Acquired 100% of pharmaceutical wholesaler PRNZ Limited (ProPharma & Healthcare Logistics)
2008	Group revenues exceed $1B for the first time
2011	Acquired 100% of Masterpet Group, a successful animal health business, and via its ownership, 50% of the Animates pet store group
2013	Acquired 100% of Symbion Group, the leading Australian pharmaceutical wholesaler and distributor, by revenue, and a leading veterinary wholesale provider in Australia

2.2 *Where we are now: A leading supply and distribution platform for pharmaceutical products in Australasia.*

Over the last 13 years, EBOS has successfully acquired 19 businesses to become the clear market leader in New Zealand. With the recent acquisition of Symbion we have become the largest diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products, and a leading Australasian animal care products distributor. We are now:

#1 in combined pharmacy and hospital pharmaceutical wholesale and distribution in Australia and New Zealand

#1 pharmacy wholesaler in New Zealand

#2 pharmacy wholesaler in Australia

#1 in hospital pharmaceutical distribution in New Zealand

#1 in hospital pharmaceutical distribution in Australia

#1 or #2 in pre-wholesale/third party logistics in New Zealand

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2.3 What we do: EBOS has a range of capabilities and resources to take advantage of new and existing opportunities in the growing healthcare and animal care markets.

Our track record of delivering outstanding returns is founded on growth underpinned by a fundamental determination to be either number one or two in the market segments that we operate in. All growth must offer benefits to our customers, suppliers and shareholders to be sustainable. Expansion into Australia has been a key focus for some time as the target for our next phase of substantial growth.

The Symbion acquisition in June 2013 transformed EBOS overnight into the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products by revenue and a leading Australasian animal care products marketer and distributor.

Symbion has operations across all Australian states with 21 warehouses. Symbion primarily derives its revenues through the wholesale of pharmaceutical medicines and "over the counter" products to retail pharmacies and veterinary clinics, and through the wholesale and distribution of pharmaceutical medicines to hospitals. In the healthcare space, Symbion offers an additional suite of services, such as pharmacy management software, clinical trial management and logistics.

Also in June 2013 we were advised by the New Zealand Government owned company Health Benefits Limited (HBL) that we had been chosen as the "preferred respondent" to streamline the distribution of medical supplies across the national public hospital network (DHBs) and similarly distribute pharmaceuticals to certain public hospitals. This highlights our specialised healthcare logistics ability which is a core competency of our businesses and demonstrates that we can win against global players in this area. This is an exciting opportunity and a big tick of approval from the New Zealand Government.

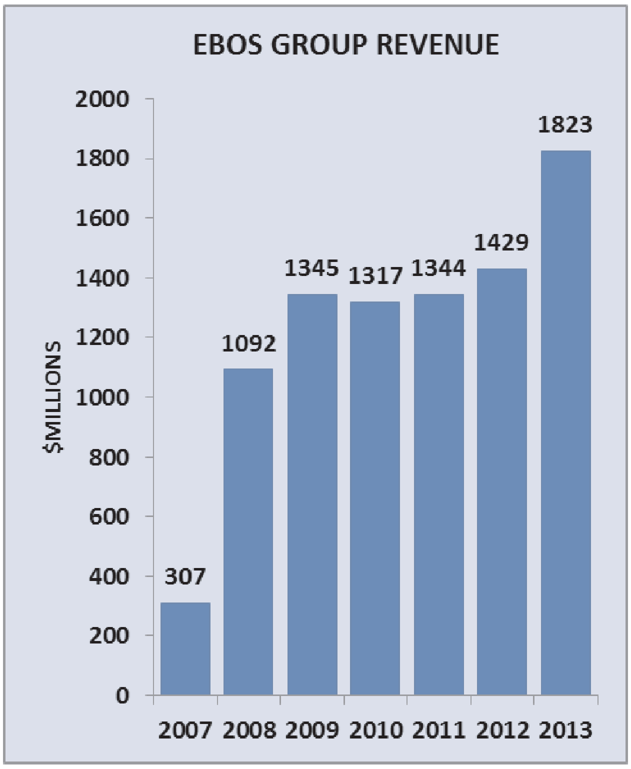
EBOS Group is also able to offer a range of products and services to the animal care market, including the pet specialty, grocery, mass merchants, vet and veterinary distribution channels.

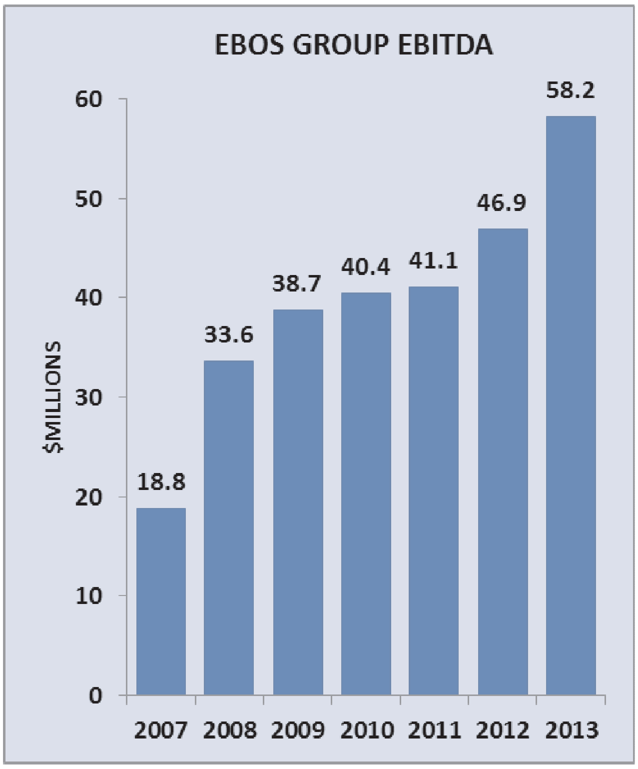
The breadth and depth of EBOS Group's revenue streams leave it well placed to adapt to changes in regulatory and competitive dynamics in the healthcare and animal care sectors. Additionally, the diversification of EBOS Group's offerings is expected to assist in mitigating the impact of any downturn in demand in any one area of the business, while also introducing multiple avenues for growth in market segments to which EBOS Group did not previously have access. In the medium term, the increased scale and reach of EBOS Group's distribution network allows for the possibility of expansion into new markets and channels.

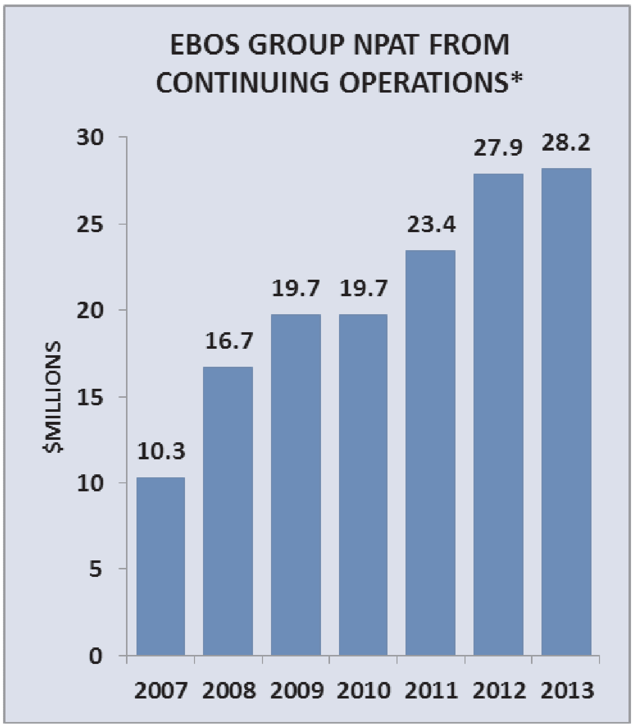
EBOS Group has a breadth and scale of service offering which includes:

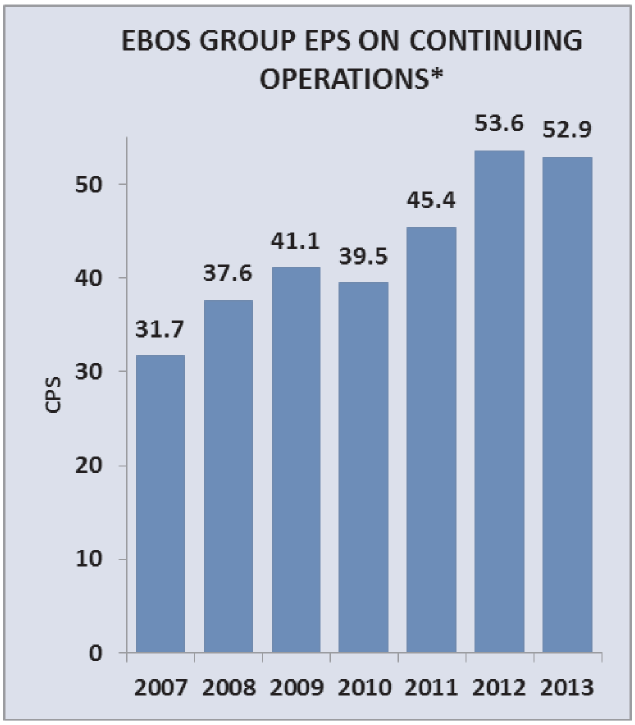
	HEALTHCARE					ANIMAL CARE
	Logistics and Distribution	Manufacturer Services	Pharm. & Hospital Wholesaling	Sales & Marketing	Retail Brands Service	Veterinary / Pet Products
	Third party distribution and logistics solutions. Distribution systems, customer services, accounting, IT systems and electronic ordering of products on behalf of pharmaceutical and healthcare suppliers and manufacturers.	*Product management solutions to pharmaceutical companies. Clinical trial logistics and depot services*	*Specialist wholesaler and distributor of ethical, OTC and consumer products to pharmacies and public and private hospitals*	*Sales and marketing of a wide range of healthcare products across consumer, primary care, hospital, aged care and international markets*	*Retail pharmacy ownership, sales of branded product and operation of support management*	*Veterinary wholesaler, distributor and retailer of animal healthcare products, pet accessories and premium foods across Australasia*
EBOS Group Limited	Healthcare Logistics		ProPharma; PWR Pharmacy Wholesalers Russells; onelink	EBOS Healthcare; nature's kiss; Anti-Flamme	Vantage Gold Club	masterpet; Animates; VitaPet
symbion	symbion Contract Logistics	symbion Clinical Trials; CLINECT A Division of Symbion	symbion Pharmacy Services; symbion Hospital Services	symbion Consumer Products; Faulding	Chemmart Pharmacy; Pharmacy Choice; minfos	Lyppard

2.4 EBOS Group's financial track record









* Continuing Operations exclude the gain on sale of the Group's Scientific Division in 2011.

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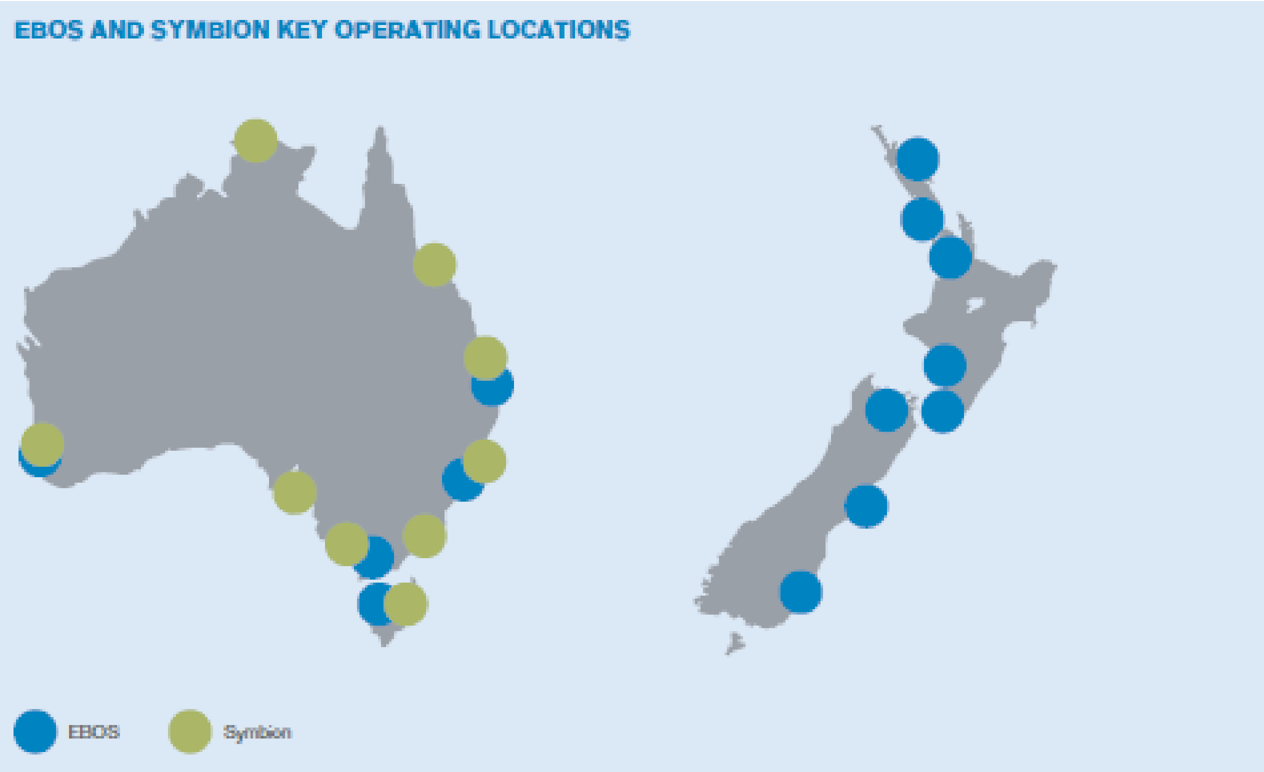
2.5 *Our scale enhances our ability to provide critical infrastructure required by our customers*

EBOS Group operates a trans-Tasman integrated network of distribution, manufacturing and retail assets, distributing products and providing services through a network of 41 warehouses across Australia and New Zealand.

EBOS Group revenues are expected to approximate over $6 billion[1] per annum across its New Zealand and Australian operations.



[1] Proforma EBOS Group Revenues, assuming Symbion had been acquired for a full year, for the year ended 30 June 2013 were $6.2 billion. Monthly reportable earnings denominated in Australian dollars are converted at the average exchange rate for the month for financial reporting purposes. The EBOS Group results are presented in NZ dollars.

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3. ASX Listing

3.1 Overview

EBOS is currently listed on the NZX Main Board. The NZX Main Board is an equities market operated by NZX Limited, a registered market and registered exchange, respectively, under the Securities Markets Act. EBOS is now seeking a listing on the ASX (by way of a compliance listing as a foreign entity).

This Information Memorandum is prepared by the Company in connection with its application for admission to the Official List of the ASX.

3.2 Rationale for ASX Listing

EBOS considers that the proposed listing has the following strategic benefits for the business:

- improved visibility, product awareness and marketing opportunities for EBOS existing operations within Australia;
- improved Share liquidity;
- improved access to capital markets; and
- improved ability to invest for Australian-based interested parties.

3.3 No Fund Raising

Other than the issue of 996,108 Shares on 22 October 2013 under the EBOS Dividend Reinvestment Plan, the Company has not raised any capital for the three months prior to the date of this Information Memorandum and will not need to raise capital for the three months after the date of issue of this Information Memorandum.

3.4 ASX Waivers & Disclosure

The Company has applied for waivers and confirmations from the ASX which are standard for a New Zealand company with a primary listing on the NZX Main Board, which is also listed on the ASX (including confirmation that ASX will accept accounts denominated in New Zealand dollars and prepared and audited in accordance with New Zealand generally accepted accounting principles and New Zealand auditing standards), and waivers reflecting its incorporation in New Zealand.

3.5 Trading on the ASX

If the Company is admitted to the Official List of the ASX, a holder of Shares will be able to continue trading those Shares on the NZX Main Board or may choose to trade the Shares on the ASX.

The Company will apply to participate in the ASX's Clearing House Electronic Sub-register System (*CHESS*). CHESS is an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in a paperless form. Shareholdings on the Australian register will be registered in one of two subregisters – an electronic CHESS subregister or an issuer sponsored subregister. The Shares of a Shareholder who is a participant in CHESS or a person sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister. Any Shareholder who has elected to have their Shares registered in CHESS will be sent an initial statement of holding that sets out the number of Shares held. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) or, where applicable, the Shareholder Reference Number (SRN) for issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding in EBOS.

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4. Corporate Information and Rights Attaching to Shares

4.1 Stock Exchange Information and Registered Address

EBOS' Shares are currently quoted on the NZX Main Board, operated by NZX Limited, under the ticker code EBO and have traded on the NZX Main Board since the Company's admission on 1 December 1960. Details of the trading history for the 12 months ended 6 November 2013 are shown below. EBOS' registered address is set out in the Corporate Directory to this Information Memorandum.

Table 4.1 - Share Price Range

Prices (12 Months)	
Highest Price	NZ$10.46 (approximately AU$9.13 at the exchange rate on 6 November 2013)
Lowest Price	NZ$7.13 (approximately AU$6.23 at the exchange rate on 6 November 2013)
Closing Price (as at 6 November 2013)	NZ$9.50 (approximately AU$8.30 at the exchange rate on 6 November 2013)

4.2 Capital Structure

Ordinary Shares	147,610,382

Table 4.2 - Share Issues in the Last 5 Years

As at the date of this Information Memorandum, EBOS has 147,610,382 Shares on issue. The following table sets out details of all share issues undertaken by EBOS in the 5 years prior to the date of this Information Memorandum:

Date of Issue	No. of Shares Issued	Total Shares on Issue	Explanation
22 October 2013	996,108	147,610,382	Dividend Reinvestment Plan
5 July 2013	58,126,842	146,614,274	Part consideration for the acquisition of Zuellig Healthcare Holdings Australia Pty Limited announced on 29 May 2013
5 July 2013	22,941,158	88,487,432	Pro-rata renounceable entitlement offer of 7 shares for every 20 shares held pursuant to an offer document dated 5 June 2013
10 June 2013	1,998,389	65,546,274	2:53 taxable bonus issue
7 June 2013	10,591,314	63,547,885	Share placement

Date of Issue	No. of Shares Issued	Total Shares on Issue	Explanation
3 April 2013	357,349	52,956,571	Dividend Reinvestment Plan
16 November 2012	62,600	52,599,222	Staff Share Purchase Plan
5 October 2012	429,135	52,536,622	Dividend Reinvestment Plan
30 June 2011	27,100	52,107,487	Staff Share Purchase Plan
17 June 2011	22,750	52,080,387	Staff Share Purchase Plan
21 April 2011	246,401	52,057,637	Dividend Reinvestment Plan
8 October 2010	1,015,485	51,811,236	Profit Distribution Plan
18 June 2010	46,300	50,795,751	Staff Share Purchase Scheme
13 April 2010	868,104	50,749,451	Profit Distribution Plan
2 October 2009	900,548	49,881,347	Profit Distribution Plan
20 April 2009	800,430	48,980,799	Profit Distribution Plan
20 March 2009	43,550	48,180,369	Staff Share Purchase Scheme

4.3 Share Distribution

Table 4.3 – Distribution Table

The following table sets out the distribution of Shareholders as at 23 October 2013:

Range	No. of Shareholders	Shareholder %	Shares	Shareholding %
1-1,000	1,662	25.42	769,683	0.52
1,001-5,000	2,992	45.75	7,577,769	5.13
5,001-10,000	992	15.17	6,994,294	4.74
10,001-100,000	833	12.74	18,474,724	12.52
100,001 and over	60	0.92	113,793,912	77.09
Total	6,539	100.00%	147,610,382	100.00%

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4.4 Top Shareholdings

Table 4.4 – Top 20 Shareholders

The following table sets out the top 20 Shareholders as at 23 October 2013.

	Name	Amount	Percentage %
1	Sybos Holdings Pte Limited	53,857,840	36.49
2	TEA Custodians Limited - NZCSD	7,431,468	5.03
3	Whyte Adder No 3 Limited	6,879,236	4.66
4	Sybos Holdings Pte. Limited	4,667,445	3.16
5	Accident Compensation Corporation - NZCSD	4,558,682	3.09
6	Custodial Services Limited	3,358,766	2.28
7	New Zealand Superannuation Fund Nominees Limited - NZCSD	2,862,537	1.94
8	HSBC Nominees (New Zealand) Limited - NZCSD	2,511,296	1.70
9	Forsyth Barr Custodians Limited	2,429,084	1.65
10	BNP Paribas Nominees (NZ) Limited - NZCSD	1,753,589	1.19
11	Citibank Nominees (New Zealand) Limited - NZCSD	1,327,009	0.90
12	Herpa Properties Limited	1,302,960	0.88
13	FNZ Custodians Limited	1,217,926	0.83
14	Custodial Services Limited	1,217,402	0.82
15	National Nominees New Zealand Limited - NZCSD	1,148,726	0.78
16	HSBC Nominees (New Zealand) Limited A/C State Street - NZCSD	1,131,566	0.77
17	Custodial Services Limited	1,080,399	0.73
18	JP Morgan Chase Bank NA NZ Branch-Segregated Clients Acct - NZCSD	985,843	0.67
19	Forsyth Barr Custodians Limited	888,104	0.60
20	Custodial Services Limited	827,817	0.56
	Total	**101,437,695**	**68.73**

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4.5 Substantial Shareholders

Table 4.5 –Substantial Shareholders

As at 6 November 2013, the following persons had given notice that they were substantial security holders in accordance with the Securities Markets Act 1988 in respect of relevant interests in Shares. The last notices filed have been adjusted for additional shares arising on allotment under the EBOS Dividend Reinvestment Plan on 22 October 2013.

	Name	Amount	Percentage %
1	The Zuellig Group Incorporated	59,044,153	40.000%
2	EBOS Group Limited[2]	58,126,842	39.379%
3	Whyte Adder No 3 Limited and Herpa Properties Limited	8,182,196	5.543%
4	Milford Asset Management Limited	7,420,492	5.027%

4.6 Corporate Structure

EBOS has the following 3 wholly-owned New Zealand-incorporated trading or holding company subsidiaries (New Zealand company numbers in parenthesis):

1 PRNZ Limited (1715066)

2 Pharmacy Retailing (NZ) Limited (49549)

3 Masterpet Corporation Limited (8582)

EBOS has the following 15 wholly-owned Australia-incorporated trading or holding company subsidiaries (Australian company numbers in parenthesis):

1 EBOS Healthcare (Australia) Pty Limited (ACN 000 060 364)

2 EBOS Group Pty Limited (ACN 125 401 247)

3 EBOS Health & Science Pty Limited (ACN 003 274 502)

4 Healthcare Distributors Pty Limited (ACN 125 265 769)

5 Masterpet Australia Pty Limited (ACN 000 333 353)

6 Botany Bay Imports and Exports Pty Limited (ACN 128 341 980)

7 Aristopet Pty Ltd (ACN 145 418 882)

8 EBOS Australia Holdings Pty Limited (ACN 146 521 617)

9 ZHHA Pty Ltd (ACN 131 957 269)

10 ZAP Services Pty Ltd (ACN 132 014 174)

11 Symbion Pty Ltd (ACN 000 875 034)

12 Intellipharm Pty Ltd (ACN 001 235 374)

13 Clinect Pty Ltd (ACN 150 558 473)

14 Lyppard Australia Pty Ltd (ACN 007 008 906)

15 APHS Packaging Pty Ltd (ACN 129 958 934)

In addition, EBOS is the limited partner and EBOS Healthcare (Australia) Pty Limited is the general partner and agent of the EBOS Limited Partnership, incorporated in Australia.

[2] EBOS has a relevant interest (as that term is defined in the Securities Markets Act 1988) in its own shares by virtue of the escrow and security arrangements under the lock up deed and Share Pledge Deed described in section 9.2 below.

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4.7 Dividend Reinvestment Plan

EBOS has established a Dividend Reinvestment Plan (*DRP*) under which Shareholders may elect to reinvest all or part of their cash dividends in additional Shares. The DRP provides a convenient method for Shareholders to reinvest all or part of their dividends in further Shares free of brokerage charges. Shareholder participation in the DRP is optional. An offer document setting out the terms of the DRP and other relevant information is available on EBOS' website.

The Board resolves, for each dividend, whether the DRP will apply and, if so, whether any discount will apply to the pricing of Shares issued under the DRP.

4.8 Rights Attaching to Shares

A summary of the rights attaching to Shares is set out below. This summary is qualified by the full terms of the Constitution, which is available on the New Zealand Government website, www.business.govt.nz/companies, and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. However, if the ASX Listing Rules prohibit or require a particular action or require the Constitution to contain or not contain a particular provision, then the Company must not take or must take such action and the Constitution will be taken to include or not include such provision.

The rights attaching to Shares are:

(a) established under section 36 of the Companies Act and are otherwise subject to the provisions of the Constitution; and

(b) in certain circumstances, regulated by the laws of New Zealand, the NZX Listing Rules and, following admission to the Official List, the ASX Listing Rules.

The Shares are fully paid. The Consideration Shares issued to Zuellig in connection with the acquisition of Symbion in June 2013 are on the same terms, and rank equally with, all other Shares, except that Zuellig has agreed to certain restrictions on the sale of the Consideration Shares which are explained in section 9.2 below.

4.9 Share Issues

The Board may issue Shares at any time, to any person, in any number, on such terms and conditions, in such manner, for such consideration and on such payment terms as it thinks fit and without Shareholder approval, subject to any limits in the NZX Listing Rules and ASX Listing Rules and the participation of Zuellig in the circumstances set out in section 4.20 below. The Board need not comply with statutory pre-emptive rights.

4.10 Voting

Each Share gives the holder the right to attend and vote at a meeting of EBOS, including the right to cast:

- one vote, on a vote by voices or show of hands; or
- one vote per Share which is fully paid; or
- a fraction of a vote per Share which is not fully paid (equivalent to the proportion of the amount paid).

4.11 Dividends

The Board may make distributions as it thinks fit. Each Share gives the holder the right to receive an equal share in any dividend authorised by the Board and declared and paid by EBOS in respect of that Share (unless the amount of the dividend is in proportion to the amount paid to EBOS in satisfaction of the liability of the Shareholder under the Constitution or the terms of issue of the Share).

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4.12 Surplus Assets

Each Share gives the holder the right to receive an equal share in the distribution of surplus assets in any liquidation of EBOS, in proportion to the number of Shares held by them less any amount of the issue price that remains outstanding.

4.13 Alteration of Rights

The issue by EBOS of any further Shares which rank equally with, or in priority to, any existing Shares, whether as to voting rights or distributions is permitted and not deemed to be an action affecting the rights attached to those existing Shares, unless the terms of issue of the Shares expressly provide otherwise.

4.14 Transfers of Shares

The holders of Shares may transfer those Shares at any time, together with any liability in respect of unpaid calls, subject to the terms of issue of those Shares, and subject to certain requirements set out in the Constitution for the form of the transfer. The Board may, in its absolute discretion, decline to register any transfer of Shares where:

(a) the Company has a lien on any of the Shares; or

(b) registration, together with the registration of any further transfer then held by the Company and awaiting registration, would result in the proposed transferee holding Shares of less than a minimum holding (which has the definition given to it in the NZX Listing Rules).

Zuellig has agreed to certain restrictions on the transfer of the Consideration Shares which are explained in section 9.2 below.

4.15 Calls on Shares

The Board may, by providing 21 days' notice in writing to a Shareholder or Shareholders, make calls in respect of all moneys unpaid on Shares and which are not, by the terms applicable to the Shares, payable at fixed times. The Board may revoke or postpone a call before payment is received. Each relevant Shareholder shall be liable (jointly and severally in the case of joint Shareholders) to pay the amount of every call as directed by the Board. Liability for calls in respect of a Share attaches to the holder of the Share for the time being and not to any prior holder of the Share. A call may be made payable in instalments and may be revoked or postponed by the Board.

4.16 Board Remuneration

The Board's power to authorise payment or remuneration by EBOS to a Director (in his or her capacity as a Director) is subject to the prior approval of Shareholders by ordinary resolution. The current fee cap for non-executive Directors, as approved by Shareholders in the special meeting of Shareholders held on 14 June 2013, is $975,000 per annum.

4.17 Restricted Transactions

Under the NZX Listing Rules, an ordinary resolution of Shareholders is required for the following:

(a) Any transaction or series of linked or related transactions to acquire, sell, lease, exchange or otherwise dispose of (otherwise than by way of charge) assets of EBOS or assets to be held by EBOS in respect of which the gross value is in excess of 50% of the average market capitalisation of EBOS.

(b) Any transaction that will change the essential nature of EBOS Group's business.

(c) Certain material transactions (generally those having a net value in excess of 5% of the average market capitalisation of EBOS) entered into by any member of the EBOS Group

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with, or for the benefit of, the Directors of any company in the EBOS Group, substantial Shareholders or their Associated Persons.

In addition, the Companies Act requires Shareholder approval by special resolution prior to EBOS entering into any transaction (whether by way of an acquisition, disposition or otherwise) involving more than 50% of the market value of EBOS's gross assets before the acquisition, disposition or otherwise.

4.18 Minority Buy Out Rights

If, by special resolution, EBOS resolves to:

(a) alter or revoke its Constitution in a way which imposes or removes a restriction on the activities of EBOS; or

(b) approve a major transaction; or

(c) approve a statutory amalgamation,

any Shareholder voting against the resolution is entitled to require EBOS to purchase, or to arrange for another person to purchase, the Shares of that Shareholder for a fair and reasonable price nominated by EBOS or, if the Shareholder objects to such a price, a price determined by arbitration.

4.19 Notices

Each Share gives the holder the right to be sent certain information, including notices of meeting and company reports sent to Shareholders generally.

4.20 Restrictions on New Share Issues, Buy-Backs and Cancellations

EBOS is prohibited from issuing or agreeing to issue any new Shares, granting any options or other rights for the issue of new Shares and/or granting any securities which are convertible into new Shares until 5 July 2015, unless EBOS notifies Zuellig in advance and either:

(a) Zuellig is provided with an opportunity to participate in the issue on the same terms as other participants and on a basis that would enable The Zuellig Group to maintain the same percentage shareholding in EBOS as it held immediately prior to the issue, in compliance with all applicable laws (including the Takeovers Code); or

(b) all EBOS Directors at the time unanimously approve the issue.

The above restrictions automatically cease to apply if The Zuellig Group holds less than 20% of EBOS' Shares. Similar prohibitions apply to EBOS undertaking any buy-back or cancellation of Shares, provided that the prohibition shall apply indefinitely with respect to any buy-back or cancellation that would cause Zuellig to breach the Takeovers Code's fundamental rule, regardless of whether The Zuellig Group at any time holds less than 20% of EBOS' Shares.

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5. Directors and Management

5.1 Board of Directors

Rick Christie MSC (Hons), FNZIoD *Independent Chairman of Directors*

Joined the Board in June 2000 and was appointed Chairman in April 2003. He is a member of the Audit and Risk Committee, and Chairman of the Remuneration Committee and the Nomination Committee.

Rick Christie is a professional Director with a breadth of governance and international management experience in a number of industries. He is a former Chief Executive of the diversified investment company Rangatira Limited, a former Managing Director of Cable Price Downer and former Chief Executive of Trade New Zealand. He is the Chairman of National e-Science Infrastructure – NeSI and ServiceIQ, and a Director of South Port New Zealand Limited, Solnet Solutions Limited and Acurity Health Limited. previously Chairman of AgResearch Limited, Deputy Chairman of the Foundation for Research, Science & Technology and Chairman of the Victoria University Foundation Board of Trustees. He is also a Companion of The Royal Society of New Zealand, a former Director of Television New Zealand and the New Zealand Symphony Orchestra and a past president of Chamber Music New Zealand.

Elizabeth Coutts BMS, CA *Independent Director*

Elizabeth Coutts was appointed to the EBOS Group Limited Board in July 2003. She is a member of the Audit and Risk Committee and the Nomination Committee. Her current directorships include Chair of Urwin & Co Limited, and Director of NZ Directories Holdings Limited (and subsidiaries), Ports of Auckland Limited, Ravensdown Fertiliser Co-operative Limited, Sanford Limited, Skellerup Holdings Limited and Tennis Auckland Region Incorporated, and member, Marsh New Zealand Advisory Board. She is Chair of the Inland Revenue Risk and Assurance Committee and of the Auckland Branch of the Institute of Directors Inc.

Elizabeth is a former Chairman of Meritec Group, Industrial Research, and Life Pharmacy Limited, former Director of Air New Zealand Limited and the Health Funding Authority, former Deputy Chairman of Public Trust, former board member of Sport and Recreation 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 and former Chief Executive of the Caxton Group of Companies.

Peter Kraus MA (HONS), DIP ENG.

Peter Kraus has been a Director since 1990. He is a member of the Nomination Committee. He is a director of Whyte Adder No 3 Limited, Strand Holdings Limited, Strand Management Limited, Herpa Properties Limited, Ecostore Company Limited, Huckleberry Farms Limited, Peton Limited and Peton Villas Limited and a trustee of The Perpanida Trust and The Annalise Trust.

Stuart McGregor BCOM, LLB, MBA

Stuart McGregor was educated at Melbourne University and the London School of Business Administration, gaining degrees in Commerce and Law. He also completed a Masters of Business Administration. Over the last 30 years, Stuart has been Company Secretary of Carlton United Breweries, Managing Director of Cascade Brewery Company Limited in

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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. Currently Stuart is Chairman of Donaco International Limited, an ASX listed company. He is also Chairman of Powerlift Australia Pty Limited and C B Norwood Pty Limited.

Sarah Ottrey BCOM *Independent Director*

Appointed to the Board in September 2006. She is a Director of Blue Sky Meats (NZ) Limited, Smiths City Group Limited, Comvita Limited, Whitestone Cheese Limited and Sarah Ottrey Marketing Limited, and is a member of the Inland Revenue Risk and Assurance Committee. She is a past board member of the Public Trust. Sarah has held senior marketing management positions with Unilever and Heineken.

Barry Wallace MCOM (HONS), CA

Barry Wallace was appointed to the Board in October 2001. He is Chairman of the Audit and Risk Committee and a member of the Remuneration Committee. Barry is a chartered accountant with a background in financial management. He is a former Chief Executive of Health Support Limited and is the Finance Director of a private group of companies and trusts. He is a Director of Whyte Adder No 3 Limited, Strand Holdings Limited, Strand Management Limited, Herpa Properties Limited, Ecostore Company Limited, Eco Tech Solutions Limited, Huckleberry Farms Limited, Peton Limited and Peton Villas Limited and a Trustee of The Perpanida Trust and The Annalise Trust.

Mark Waller BCOM, ACA, FNZIM *Chief Executive & Managing Director*

Mark Waller has been Chief Executive and Managing Director of EBOS since 1987. He is a member of the Remuneration Committee. He is a Director of all EBOS subsidiaries, as well as being a Director of Scott Technology Limited and HTS- 110 Limited (alternate Director). He was the recipient of the Executive of the Year award at the 2010 Deloitte/Management magazine Top 200 Awards.

Peter Williams

Peter Williams has been an executive of The Zuellig Group since 2000. Peter is a Director of Interpharma Investments Limited, Asia's leading distributor of healthcare products, and of Pharma Industries Limited. He is also a Director of Cambert (M) Sdn Bhol, a company marketing health and personal care products in South East Asia.

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5.2 Executive Team

Mark Waller
Chief Executive

Michael Broome
Group General Manager – Healthcare Logistics/ProPharma

Angus Cooper
General Manager – Group Projects/Mergers & Acquisitions

Patrick Davies
Chief Executive – Symbion Group

Dennis Doherty
Chief Financial Officer and Company Secretary

Sean Duggan
Chief Executive – Masterpet Group

Kelvin Hyland
General Manager –
EBOS Healthcare New Zealand

David Lewis
General Manager –
EBOS Healthcare Australia

Greg Managh
Group General Manager –
Onelink/MIS

5.3 Directors' Interests in the Company

As at 6 November 2013 (and as expected to be the case immediately following admission to the Official List of the ASX) detailed below are the holdings of the Directors and of any Associated Person of them in the share capital of the Company. The below summary sets out all interests that a Director holds or held at any time during the past two years in the promotion of the Company, or property acquired or proposed to be acquired by the Company. Other than as set out in this Information Memorandum, no Director has, or has held at any time in the two years before the date of this Information Memorandum, any interest in the promotion of EBOS or property acquired or proposed to be acquired by EBOS.

Name		No. of Ordinary Shares
E M Coutts	- Held by associated persons	26,066
R G M Christie	- Non beneficially held – Staff share purchase scheme	145,642
P F Kraus	- Registered holder and beneficial owner	1,535
	- Held by associated persons	8,182,196
S C Ottrey	– Held by associated persons	7,580
B J Wallace	-Non beneficially held – Director of Whyte Adder No.3 Ltd/Herpa Properties Ltd	8,182,196
M B Waller	- Held by associated persons	524,323
	- Non beneficially held – Staff share purchase scheme	145,642

5.4 Directors' Fees

The maximum aggregate remuneration able to be paid to non-executive Directors (being the monetary sum payable to all non-executive Directors taken together, including directors of subsidiaries of EBOS) is $975,000 per annum.

Detailed below are the fees paid to each of the current non-executive Directors of EBOS for the years ended 30 June 2013 and 2012.

Name	Year ended 30 June 2013 $	Year ended 30 June 2012 $
R G M Christie	$154,000	$127,500
E M Coutts	$106,500	$65,000
P F Kraus	$70,500	$60,000
P Merton (resigned 14/9/11)	–	$12,500
M J Stewart (resigned 29/3/12)	–	$45,000
S C Ottrey	$70,500	$60,000
B J Wallace	$123,500	$67,500

5.5 CEO Contract

The Company has entered into an employment contract with Mark Waller relating to Mark's employment with the Company as Chief Executive. The Chief Executive received total remuneration of $2,179,440 in the year ended 30 June 2013. The Chief Executive has not participated in the Staff Share Purchase Scheme, described at paragraph 5.7 below.

The Chief Executive's current employment contract commenced in 2004. The Chief Executive's remuneration is reviewed by the Board's remuneration committee with effect from 1 July each year. EBOS may terminate the Chief Executive's employment in certain circumstances by providing at least 12 months' notice. The Chief Executive is entitled to redundancy compensation equivalent to 4/52^{ths} of his average salary and bonus entitlements for the immediately preceding 2 financial years for each year of service with the Company. The Chief Executive may terminate his employment in certain circumstances by providing 4 months' notice. The Chief Executive's employment contract includes customary confidentiality, restraint of trade and other terms.

5.6 Directors' Indemnity

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

5.7 Staff Share Purchase Scheme

The EBOS Group Staff Share Purchase Scheme (the *Scheme*) is a share purchase scheme approved by the New Zealand Commissioner of Inland Revenue under section DC 13 of the Income Tax Act 2007 (New Zealand).

The principal terms of the Scheme are:

- every full time permanent employee is eligible to participate on an equal basis with every other full time permanent employee;
- every part-time permanent employee is eligible to participate on an equal basis with every other part-time permanent employee;
- Shares under the Scheme are available for subscription or purchase at not more than their current market value;
- an interest-free loan is available to each employee, with any minimum amount of the loan to be $624 or less, with the loan to be repaid over a period between 3 years and 5 years from the date of the loan;
- the amount that an employee is permitted to spend on buying Shares under the Scheme or any other similar scheme is not to exceed $2,340 in a 3 year period; and
- until the loan is repaid by an employee, Scheme Shares are held by trustees in trust for

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that employee, with dividends being paid directly to, and being treated as having been derived by, the employee.

As at 30 June 2013, approximately 63,000 Shares were issued and held under the Scheme.

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6. Corporate Governance

6.1 Background

The Board and management of EBOS are committed to ensuring that the Company adheres to best practice and governance principles and maintains high ethical standards. The Board has agreed to regularly review and assess the Company's governance structures to ensure they are consistent, both in form and in substance, with best practice. These are set out in the Company's Corporate Governance Code, the full content of which can be found on the Company's website (www.ebos.co.nz).

The Board considers that the Company's corporate governance policies, practices and procedures substantially comply with the NZX Corporate Governance Best Practice Code.

EBOS seeks admission to the Official List of the ASX. Under ASX Listing Rule 1.1, the Company is required to satisfy a number of conditions prior to admission. One of those conditions requires the Company to provide a statement disclosing the extent to which the Company will follow, as at the date of its admission to the Official List, the recommendations set by the ASX Corporate Governance Council (*CGC*). These recommendations are set out in the *Corporate Governance Principles and Recommendations* (2nd edition, 2010) (*Guide*).

While compliance with each of the CGC's recommendations is not mandatory, the Company is required to identify any recommendations that will not be followed (if any) and give reasons for not following them.

6.2 Statement of Compliance

ASX Principles and Recommendations	Compliance
Principle 1 – Lay solid foundations for management and oversight *Companies should establish and disclose the respective roles and responsibilities of board and management.*	
Recommendation 1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	**Satisfied:** The Board has adopted a formal Corporate Governance Code that details the Board's functions and responsibilities.
Recommendation 1.2 Companies should disclose the process for evaluating the performance of senior executives.	**Satisfied:** The Remuneration Committee reviews, recommends and, if delegated by the Board, sets, in accordance with EBOS' remuneration policies and practices, all components of the remuneration of the CEO and senior executives. The Chief Executive's total remuneration is disclosed in the annual report. Executive remuneration is reviewed annually and a table of remuneration bands above $100,000 is disclosed in the Annual Report.
Recommendation 1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	Information to be included in the Annual Report for the period 1 July 2013 to 30 June 2014 (**Reporting Period**), as applicable. EBOS' Corporate Governance Code, including the Remuneration Committee's Charter, can be found on the Company's website (www.ebos.co.nz).

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ASX Principles and Recommendations	Compliance
Principle 2 – Structure the board to add value *Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.*	
Recommendation 2.1 A majority of the board should be independent directors.	**Not satisfied:** The Board consists of eight Directors, with three Directors considered to be independent. The Board considers that its current composition is appropriate.
Recommendation 2.2 The chair should be an independent director.	**Satisfied:** Rick Christie is the non-executive Chairman of the Board and an independent Director.
Recommendation 2.3 The roles of chair and Chief Executive should not be exercised by the same individual.	**Satisfied:** Rick Christie is the non-executive Chairman of the Board and Mark Waller is the Chief Executive & Managing Director.
Recommendation 2.4 The board should establish a nomination committee.	**Satisfied:** The Company has established a Nomination Committee, whose responsibilities are set out in the Corporate Governance Code and the Nomination Committee's Charter. The Nomination Committee's Charter is included in EBOS' Corporate Governance Code.
Recommendation 2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	**Partially Satisfied:** The Board, led by the Chairman, is responsible for evaluating the performance of the Board, its Committees and individual Directors.
Recommendation 2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	Information to be included in the Annual Report for the Reporting Period, as applicable. EBOS' Corporate Governance Code, including the Nomination Committee's Charter, can be found on the Company's website (www.ebos.co.nz).
Principle 3 – Promote ethical and responsible decision-making *Companies should actively promote ethical and responsible decision-making.*	
Recommendation 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	**Satisfied:** The EBOS Code of Ethics is the framework of standards by which the Directors and employees of EBOS and its related companies are expected to conduct their professional lives, and covers conflicts of interest, receipt of gifts, confidentiality, expected behaviour, delegated authority and compliance with laws and policies. Pursuant to the Corporate Governance Code, the Directors are expected to comply with their legal duties and obligations when discharging their responsibilities as directors. Directors are encouraged to undertake appropriate training, in order to ensure they best perform their duties as Directors of the Company. As set out in the Corporate Governance Code, Directors have access to: • the senior management team and the Chief Executive, to access relevant information or explanations; • through the Risk & Audit Committee, external auditors without the Chief Executive or management present, to seek explanations or additional information; and

ASX Principles and Recommendations	Compliance
	• subject to the approval of the Risk & Audit Committee prior to incurring any fees, professional advisors (at the Company's expense) to assist the Director in carrying out his or her duties.
Recommendation 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	**Not satisfied:** The Board has not adopted a Diversity Policy. These complex issues are still to be considered.
Recommendation 3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	**Not satisfied:** The Company has not adopted a Diversity Policy. These complex issues are still to be considered.
Recommendation 3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Information will be included in the Annual Report for the Reporting Period, as applicable.
Recommendation 3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.	Information to be included in the Annual Report for the Reporting Period, as applicable. EBOS' Corporate Governance Code, including the Code of Ethics, can be found on the Company's website (www.ebos.co.nz).
Principle 4 – Safeguard integrity in financial reporting *Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.*	
Recommendation 4.1 The board should establish an audit committee.	**Satisfied:** The Company has established an Audit and Risk Committee, whose responsibilities are set out in the Corporate Governance Code and the Audit and Risk Committee's Charter.
Recommendation 4.2 The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members.	**Partially Satisfied:** The Audit and Risk Committee members are Barry Wallace (Chairman), Rick Christie and Elizabeth Coutts. All Audit Committee members are non-executive Directors, with Rick Christie and Elizabeth Coutts both being independent Directors. The Board considers that, although he is not an independent director, Barry Wallace is an appropriate director to chair the Audit and Risk Committee.

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ASX Principles and Recommendations	Compliance
Recommendation 4.3 The audit committee should have a formal charter.	**<u>Satisfied:</u>** The Audit and Risk Committee's Charter is included in the Corporate Governance Code.
Recommendation 4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	Information to be included in the Annual Report for the Reporting Period, as applicable. EBOS' Corporate Governance Code, including the Audit and Risk Committee's Charter, can be found on the Company's website (www.ebos.co.nz).
Principle 5 – Make timely and balanced disclosure *Companies should promote timely and balanced disclosure of all material matters concerning the company.*	
Recommendation 5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	**<u>Partially satisfied:</u>** EBOS has been listed on the NZX Main Board since December 1960 and has, to the best of its officers' knowledge and belief, at all times complied with its continuous disclosure obligations under the NZX Listing Rules and the Securities Markets Act 1988. The Chief Financial Officer is responsible for the Company's compliance with statutory and NZX continuous disclosure requirements and the Board is advised of, and considers, continuous disclosure issues at each Board meeting. The Company intends to amend its Corporate Governance Code in due course to reflect that EBOS is required to comply with the ASX Listing Rule disclosure requirements.
Recommendation 5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	Information to be included in the Annual Report for the Reporting Period, as applicable. EBOS' Corporate Governance Code can be found on the Company's website (www.ebos.co.nz).
Principle 6 – Respect the rights of shareholders *Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.*	
Recommendation 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	**<u>Satisfied:</u>** The Company has developed a set of shareholder participation principles in its Corporate Governance Code, which highlights how the Company will communicate with shareholders and assist shareholders to use the annual meeting to ask questions and make comments on the performance of the Company.
Recommendation 6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	Information to be included in the Annual Report for the Reporting Period, as applicable. EBOS' Corporate Governance Code can be found on the Company's website (www.ebos.co.nz).

ASX Principles and Recommendations	Compliance
Principle 7 – Recognise and manage risk *Companies should establish a sound system of risk oversight and management and internal control.*	
Recommendation 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	**Partially satisfied:** The Company has an Audit and Risk Committee, the responsibilities of which are contained in the Audit and Risk Committee's charter.
Recommendation 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	**Satisfied:** Refer to 7.1. Management reports to the Board and/or Audit and Risk Committee on risk management. Management are required to immediately report urgent matters to both the Chairman of the Board and the Chief Executive.
Recommendation 7.3 The board should disclose whether it has received assurance from the Chief Executive (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	**Partially satisfied:** As a New Zealand company, section 295A of the Corporations Act is not applicable to EBOS. However, the Company's Chief Executive and Chief Financial Officer do provide assurances to the Board as part of the process for finalising the half-yearly and annual Financial Statements.
Recommendation 7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	Information to be included in the Annual Report for the Reporting Period, as applicable. EBOS' Corporate Governance Code, including the Audit and Risk Committee's Charter, can be found on the Company's website (www.ebos.co.nz).
Principle 8 – Remunerate fairly and responsibly *Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.*	
Recommendation 8.1 The board should establish a remuneration committee.	**Satisfied:** The Company has established a Remuneration Committee, whose responsibilities include: • reviewing and recommending to the Board the level and type of remuneration for the Chief Executive and members of the Executive Management Team; and • reviewing and recommending to the Shareholders the level and type of remuneration for Directors. The Remuneration Committee's Charter is included in EBOS' Corporate Governance Code.

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ASX Principles and Recommendations	Compliance
Recommendation 8.2 The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	**<u>Partially satisfied:</u>** The Remuneration Committee members are Rick Christie (Chairman), Barry Wallace and Mark Waller. The Remuneration Committee consists of at least three members and is chaired by an independent Director.
Recommendation 8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	**<u>Satisfied:</u>** EBOS distinguishes the structure of non-executive Directors' remuneration from that of executive Directors and senior executives, as set out in the Company's Annual Report. The total monetary sum of fees approved for non-executive Directors is allocated as decided by the Board, by way of fees payable to all non-executive Directors and additional fees payable to the Chairman. Chief Executive and executive remuneration is recommended by the Remuneration Committee with reference to market surveys, job size and individual responsibilities, skills, knowledge, experience, competencies and accountabilities. Executive remuneration is structured to include a base salary and an 'at risk' component paid upon achievement of Company and individual targets agreed at the commencement of each year. Executive remuneration is reviewed annually and a table of remuneration bands above $100,000 is disclosed in the Company's Annual Report.
Recommendation 8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.	Information to be included in the Annual Report for the Reporting Period, as applicable. EBOS' Corporate Governance Code, including the Remuneration Committee's Charter, can be found on the Company's website (www.ebos.co.nz).

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7. Investment Risks

7.1 Risks

No investment is risk free and the Shares are no exception. Before investing in Shares, the following risk factors should be carefully considered.

The Directors consider the following risk factors to be the most significant. These risk factors should be carefully considered and read in conjunction with this Information Memorandum and all (publicly available) historical documentation of the Company lodged with NZX.

If any of the following risks actually occur, the Company may not be able to conduct the business as currently planned and the Company's business or financial condition could be materially adversely affected. In such case, the market price of the Shares could decline and Shareholders may lose all or part of their investment. However, the risks listed do not necessarily comprise all of those associated with an investment in the Company. Additional risks not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Company.

Investors should also take their own tax advice as to the consequences of owning Shares, as well as receiving returns from them. No representation or warranty, express or implied, is given to investors as to the tax consequences of their acquiring, owning or disposing of any Shares and neither the Company nor the Directors will be responsible for any tax consequences for any such investors.

7.2 Risks Relating to Shares

The principal risk is that investors may not be able to recoup their original investment or they may not receive the returns they expect. This could happen for a number of reasons, including because:

- the price at which investors are able to sell their Shares is less than the price paid for them;
- investors are unable to sell their Shares at all – for instance, because the market for them does not develop, becomes illiquid or ceases to exist;
- EBOS does not pay dividends;
- the operational and financial performance of the EBOS Group is worse than expected; or
- EBOS becomes insolvent and/or is placed in receivership or liquidation.

In the event of insolvency of EBOS, Shareholders would not receive any payment in respect of their Shares until EBOS has paid all its other creditors, both secured and unsecured, including the costs of liquidation or receivership. Any funds remaining after the payment of EBOS' debts in full would be distributed to Shareholders in proportion to their respective shareholdings. As a result, Shareholders may receive less than the amount initially invested.

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Some of the principal risk factors which may affect the ability of investors to recoup their initial investment and EBOS' share price performance are detailed in this section 7.

The risk factors described below necessarily include forward looking statements. Actual events may be materially different to those described below and may therefore affect EBOS Group in a different and/or more material way.

7.3 EBOS Risks

Competition risks

EBOS operates in a competitive market. While EBOS has always sought to positively differentiate itself in the market, increased competition to levels not currently encountered or anticipated could adversely affect EBOS Group's sales, operating margins and market share.

Any of these occurrences could adversely affect EBOS Group's financial performance. There is no assurance that EBOS Group will be able to compete successfully in the future against current or future competitors.

There is also the possibility of a competitor introducing new technology or substitute products into the market or of a competitor following an aggressive pricing strategy, thereby undermining the effectiveness and/or profitability of EBOS Group.

Aside from the cost of establishment, there are no serious barriers to the entry of competitors to the markets in which EBOS Group operates. EBOS has a recently-measured market share of 59% of the New Zealand pharmacy wholesale market. Its key competitors are pharmacy co-operative wholesalers. In the third party logistics sector the key competitor in New Zealand is DHL. In Australia, Symbion has a market share of approximately 32% of the pharmacy wholesale market. Key competitors are Sigma Pharmaceuticals Pty Ltd and Australian Pharmaceuticals Industries Pty Ltd.

Reliance on key customers

EBOS Group has key customers in several of its markets, which account for a material proportion of revenue. Key customer contracts do not generally contain any commitments to purchase a particular volume of products or services and may be terminable on relatively short notice. If any key customers elected to cease purchasing EBOS Group's products or services, materially reduced the amount of such purchases, or terminated their contracts, then this could negatively affect the financial performance of EBOS Group.

A number of EBOS Group's customer contracts are subject to an ongoing competitive tender process from time to time. If EBOS Group is not successful in those tender processes, these contracts may be lost to competitors which may have an adverse effect on the financial performance of EBOS. In addition, loss of tenders may adversely affect EBOS Group's strategic positioning and/or influence for future opportunities.

EBOS has been selected by the New Zealand Government owned company Health Benefits Ltd (HBL) as the "preferred respondent" to streamline the distribution of medical supplies across the national public hospital network (DHBs) and similarly distribute pharmaceuticals to certain public hospitals. EBOS is currently in negotiations with HBL regarding the arrangements for such services. If those negotiations are not successful and EBOS is not appointed to provide such services, the financial performance of EBOS Group and EBOS Group's strategic market position may be adversely affected in the medium term.

Reliance on key suppliers and agencies

EBOS Group has key suppliers in several of its markets, which together account for a material proportion of the products supplied. Key supply and distribution agreements, and agencies, may be terminable on relatively short notice. If any key suppliers elected to cease supplying EBOS Group with products or services, terminate their contracts or materially change their

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payment or other terms of supply, then this could negatively affect the financial performance of EBOS Group.

Price regulatory risk

The commercial success of EBOS Group is partly dependent on achievement of acceptable pricing and margins for the goods and services it will provide.

EBOS Group operates in a number of highly regulated industry segments, relating to the distribution and supply of pharmaceutical and medical products. As such, EBOS Group is continually exposed to the risk of new government policies, regulations and legislation being introduced and changes to existing government policies, regulations, legislation and funding that may impact or restrict its potential profitability.

PHARMAC is the New Zealand Government agency that makes decisions on behalf of District Health Boards on which medicines and related products are subsidised in New Zealand and to what level. PHARMAC was created to actively manage Government spending on medicines and PHARMAC decides what medicines to fund, negotiates prices, sets subsidy levels and conditions of supply. This results in regular cost-saving initiatives by PHARMAC and the Government, and downward pricing and margin pressure on participants in the pharmaceutical supply chain, including EBOS Group.

Similarly, the Australian Government is seeking to control spending, which may result in price reductions for Pharmaceutical Benefits Scheme (*PBS*) medicines. A price reduction for medicines results in a lower dollar margin per unit for pharmaceutical wholesalers. Such price reductions could negatively impact on EBOS Group's overall margins and financial performance.

From time to time, patents on the products EBOS Group wholesales or distributes expire, leading to the launch of less expensive generic branded products. The New Zealand and Australian governments regulate the maximum price that may be paid for these products when listed on the PHARMAC / PBS schedules. Any changes to the schedules or in relation to the products distributed by EBOS Group may have a material impact on EBOS Group's financial performance.

Industry regulatory risk

The financial performance of EBOS Group may be materially affected by changes in government regulations with respect to the pharmacy industry in Australia and New Zealand. In particular, the Australian Government and the Pharmacy Guild of Australia are signatories to the 5th Community Pharmacy Agreement which regulates among other matters:

- the pharmacy ownership rules in Australia;
- Community Service Obligation (*CSO*) funding; and
- the pharmacy wholesaler margin.

The 5th Community Pharmacy Agreement is due to expire on 30 June 2015 and is due for renewal on that date. If there are significant changes to the existing agreement upon its renewal or other adverse legislative changes to matters covered by the agreement, then this could negatively impact the financial performance of EBOS Group. See below under "Industry structure changes" for the potential impacts.

CSO funding is made available to "full line" wholesalers who provide the full range of PBS medicines in all regions of Australia, provided they meet specified performance criteria. Individual wholesaler agreements may be terminated at any time on 90 days' notice. Symbion receives CSO funding and it is assumed that EBOS Group will continue to receive funding on the same basis as Symbion has historically. Any material adverse change in the basis of funding, the performance criteria, the achievement of performance criteria, or termination of Symbion's CSO agreement, would have a material negative impact on the financial performance of EBOS Group.

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Industry structure changes

Future changes to the structure of the pharmaceutical industry in Australia or New Zealand may have a material impact on EBOS Group's margins and financial performance. For instance:

- Australian hospital funding and spending (currently managed under state government budgets) could be nationally consolidated;
- new and larger pharmacy buying groups could emerge;
- manufacturers could choose to supply their products directly to pharmacy customers, rather than utilising wholesalers such as EBOS; and/or
- pharmacy ownership could be de-regulated, enabling large scale retailers, for example supermarkets, to enter the pharmacy retail market using their own distribution channels.

Funding risk

EBOS Group requires debt funding to carry out its business in an efficient manner. While currently agreed facilities are considered appropriate for EBOS Group's immediate needs, there is always a risk that, in the future, bank facilities will not be available on satisfactory terms and capacity or that circumstances could change such that there is an event of default or review under existing bank facilities. If that occurs, this would have a negative impact on the financial performance of EBOS Group.

One of EBOS Group's primary debt facilities is the debtors' securitisation facility. The ongoing funding provided by this facility is dependent upon the ongoing credit quality of receivables sold into the facility. If the credit quality of the facility's underlying receivables materially deteriorates, there is the risk that the interest margin under the securitisation facility may rise and/or that EBOS Group will have to seek alternative forms of funding.

Credit risk

EBOS Group has customers who pay in arrears which means that EBOS bears the risk of those customers defaulting on their payment obligations. This may result in a negative effect on EBOS Group's financial performance to the extent that those debts are irrecoverable and may also create additional expenses for EBOS Group in seeking to enforce these obligations.

Certain members of EBOS Group (*EBOS Guarantors*) guarantee bank loans of certain pharmacy customers from time to time. While EBOS Guarantors undertake credit assessments of these customers and hold security over their assets, there is a risk that customers may default on their debts and EBOS Guarantors may be required to make payment as guarantor. Any security held may be inadequate to reimburse EBOS Guarantors for their losses.

Key personnel risk

EBOS Group's ongoing success depends in part on the retention of key personnel. The loss of any of these key personnel could adversely affect EBOS Group's reputation and its operational capabilities, longer-term strategies or identification of new opportunities. This could have an adverse effect on financial performance.

Insurance risk

Any material deterioration in EBOS Group's risk profile or history, or in insurance markets generally, could have a corresponding negative impact on EBOS Group. In particular, EBOS Group may be unable to secure insurance to cover satisfactorily all anticipated risks or the cost of insurance may materially increase.

Currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. EBOS Group's functional currency is currently New Zealand dollars. EBOS Group has significant operations in Australia and also makes purchases in foreign currencies, such as the US dollar and the Euro. It is therefore exposed to foreign exchange risk arising from the currency exposures to the New Zealand dollar.

EBOS Group is exposed to currency translation risk on conversion of earnings in Australian dollars to New Zealand dollars. This may have the impact of either increasing or decreasing the expected earnings from EBOS Group.

To manage the currency risk around both revenue and expenses, EBOS Group may hedge a percentage of its net foreign currency exposures using forward foreign exchange contracts and/or foreign exchange options to reduce the variability from changes in EBOS Group's net operating income and cash flows to acceptable parameters. However, depending on the foreign currency exchange rates at any time, such hedges may negatively affect the earnings and/or financial position of EBOS Group when compared to the earnings and/or financial position of EBOS Group if the hedges did not exist.

Interest rate risk

Interest rate risk arises due to adverse movements in interest rates impacting negatively on EBOS Group's total borrowing costs. EBOS Group is exposed to interest rate risk. To manage interest rate risk, EBOS Group may fix interest rates for varying terms, and/or use swaps or options (hedges). However, depending on the interest rates at any time, such hedges may negatively affect the earnings and/or financial position of EBOS Group when compared to the earnings and/or financial position of EBOS Group if the hedges did not exist.

Overseas Investment Act risk

EBOS became an "overseas person" (as defined in the Overseas Investment Act 2005) following the Symbion acquisition due to Zuellig's 40% shareholding. Accordingly, EBOS Group's acquisition of certain New Zealand assets (including interests in certain land deemed "sensitive" by the Overseas Investment Act 2005) requires consent under the Overseas Investment Act 2005. The criteria used to assess consent applications may change or EBOS may not be granted consent for future acquisitions.

Information technology risk

Any failure of information systems, fraud, business continuity and disaster recovery planning and data integrity risk could affect EBOS Group's operations. EBOS Group owns or licences the intellectual property rights to use software products which are material to the operation of EBOS Group's business. There is a risk that EBOS Group's rights to use such software products may be revoked, subject to third party challenge or not be as comprehensive as EBOS Group believes. In addition, support for the maintenance and/or development of such software products may become unavailable. EBOS Group's operations and/or financial performance may be adversely affected by such events.

Product liability risk

EBOS Group stores, distributes, markets and sells products which may be harmful to people, animals and/or the environment if not used, handled or manufactured properly. While EBOS Group typically will have the benefit of contractual assurances from its suppliers in respect of product quality and insurance cover, there is a risk that EBOS Group may have liability for defective products for which the contractual assurances and/or its insurance cover are inadequate. Any such liability may adversely affect EBOS Group's financial performance or position.

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Impairment risk

EBOS carries significant goodwill and intangible assets on its balance sheet. Accounting policies require that these assets be regularly tested for impairment and that the underlying assumptions supporting their carrying value be confirmed. EBOS tests these balances annually for impairment, including the underlying assumptions, using a discounted cash flow analysis. There is a risk that the carrying balances for goodwill and/or intangibles may become impaired in the future which would have an adverse affect on EBOS Group's financial position.

7.4 Symbion acquisition risks

Acquisition accounting

As required by accounting standards (NZ IFRS 3 'Business Combinations'), EBOS performed a formal fair value assessment of all of the assets and liabilities of Symbion that were acquired on its acquisition by EBOS. This has given rise to some differences in the recognition of fair value adjustments to assets, liabilities and goodwill acquired, to those assumed for the prospective financial information (*pfi*) set out in the Rights Issue Offer Document. The pfi was based upon preliminary valuations, forecast information and assumptions (including foreign exchange rates) available at the time that the pfi was prepared.

The results of the formal valuation performed on the assets and liabilities of Symbion were recognised in the EBOS Group 30 June 2013 audited financial statements.

As required by accounting standards, in the event that new information is obtained about the facts and circumstances that existed as at the acquisition date of Symbion which, if known, would have resulted in a change to the initial valuations recognised then:

If such facts or circumstances are identified within the period of 12 months from the acquisition of Symbion, being 1 June 2013, the initial fair value adjustments are required to be retrospectively adjusted to reflect amounts that should have been recognised on the acquisition of Symbion. This will result in a corresponding retrospective increase or decrease in goodwill.

If such facts or circumstances are identified post the 12 month period of the acquisition of Symbion, then any adjustments would need to be corrected in accordance with NZ IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. This may require any such amendments to be reflected in profit and loss in the future period identified or, if material, may result in a restatement of EBOS' prior period financial statements.

Historical liability

EBOS Group may become directly or indirectly liable for any liabilities that Symbion has incurred in the past, which were not identified during due diligence or which are greater than expected, and for which the market standard protection (in the form of representations and warranties and indemnities) negotiated by EBOS in connection with the Symbion acquisition turns out to be inadequate in the circumstances. Such liability (which may include environmental contamination, litigation and/or regulatory sanction) may adversely affect the financial performance or position of EBOS Group post the Symbion acquisition.

Integration risk

The Symbion acquisition involves the integration of the Symbion business, which has previously operated independently to EBOS. As a result, there is a risk that the integration of Symbion may be more complex than currently anticipated, encounter unexpected costs, challenges or issues and take longer than expected, divert management attention or fail to deliver the expected benefits and this may affect EBOS Group's operating and financial performance. Further, the harmonisation of Symbion's accounting policies and procedures may lead to revisions, which may impact on EBOS Group's reported financial results.

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Protective covenants

The arrangements entered into for the Symbion acquisition contain representations, warranties, indemnities and other undertakings from Zuellig in favour of EBOS (*Protective Covenants*). The Protective Covenants may be inadequate to fully compensate EBOS for any loss or liability EBOS suffers, including because of limitations or qualifications to those Protective Covenants or due to a failure by Zuellig to pay or perform the relevant Protective Covenant. Any uncompensated loss or liability may have an adverse effect on the financial performance or position of EBOS.

The arrangements entered into for the Symbion acquisition also contain representations, warranties, indemnities and other undertakings from EBOS in favour of Zuellig. EBOS may face a claim from Zuellig under those representations, warranties, indemnities or other undertakings which may have an adverse effect on EBOS Group's financial performance or position.

7.5 Taxation

Any change to tax laws generally, the tax residency of one of the members of EBOS Group, the current rate of company tax in New Zealand or Australia, or any changes to the tax rules regarding debt / equity funding, the carry forward of tax losses or imputation and franking credits in New Zealand or Australia, may impact Shareholder returns. Any change to the current rates of income tax applying to Shareholders could impact on Shareholders' after tax returns.

The application of tax law in New Zealand and Australia can be uncertain. Furthermore, the judicial interpretation and practice of tax law may change. Accordingly, there is no guarantee that EBOS Group's past or future tax liabilities will not be impacted by such outcomes, which could affect Shareholders' after tax returns.

Any future material change in the structure of EBOS, including the location of its head office, the location of its centre of management or the location of the majority of Board of Director meetings may result in a change in the deemed tax residency of EBOS. EBOS is currently deemed to be a NZ tax resident. Any change away from this New Zealand residency classification may impact EBOS and its Shareholders, for example:

- EBOS incurring additional, and potentially material, one-off tax liabilities which would also affect the Group's financial performance in the year such liabilities were to be recognised.
- Shareholders who hold exemption certificates from resident withholding tax may be liable for additional income tax as a result of the change in tax residency of EBOS.
- Non-resident withholding tax may arise in relation to non-imputed dividends paid to EBOS from its wholly-owned subsidiaries in New Zealand.

7.6 General Risks

Share price fluctuations

The market price of EBOS Shares may fluctuate due to various factors, many of which are non-specific to EBOS Group, including broker and analyst recommendations, New Zealand and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, and investor perceptions. Fluctuations such as these may adversely affect the market price of Shares.

The market prices of equity securities are historically particularly volatile, including in response to changes in stock markets or the economy generally.

Economic risks

Like any other investment, returns from an investment in the Shares are influenced by the level of economic activity. For example, a contraction in the Australian, New Zealand or global economy may impact upon the performance of EBOS Group by reducing demand for EBOS Group's products and services and/or affecting EBOS Group's costs.

Legal or regulatory risk

Investments may be adversely affected by legal and regulatory changes or requirements, and actions pursuant to such requirements. Potential changes to existing laws or the introduction of new laws could result in increased compliance costs and obligations. Failure to comply with applicable legislation or regulation can also result in fines, injunctions, penalties, requirements for remedial works, total or partial suspension of regulatory approvals or other sanctions that may have an adverse effect on the particular investment.

There is also the possibility of future litigation that could adversely affect EBOS Group's financial performance.

Accounting policy and standards risk

EBOS Group is subject to the usual business risk that there may be changes in accounting policy and standards that impact EBOS Group.

Catastrophic events

Insured or uninsured catastrophic events such as acts of God, fires, floods, earthquakes, widespread health emergencies, pandemics, epidemics, wars and strikes could affect the value of EBOS Group's property and premises and the conduct of its business activities. Some events of this type are uninsurable. To the extent they do occur, there may be adverse effects on EBOS Group's business and its financial performance.

Forward-looking statements

Certain statements in this Information Memorandum constitute forward-looking statements. Such forward-looking statements involve assumptions about known and unknown risks, uncertainties which may cause the actual results, performance or achievements of EBOS Group or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, potential investors are cautioned not to place undue reliance on such forward-looking statements in this Information Memorandum. In addition, under no circumstances does the inclusion of forward-looking statements in this Information Memorandum constitute a representation or warranty by or from EBOS Group or any other person with respect to the achievement of the results or matters set out in such statements or that the underlying assumption used will in fact be the case.

The forward-looking statements included in this Information Memorandum are based on the Board's best judgment and experience. However, economic conditions can change, output prices fall, input prices rise and circumstances change in a manner and to an extent not foreseen, which could materially undermine EBOS Group's prospects.

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8. Financial and Taxation Information

8.1 Financial Statements

Financial statements in NZ$ for EBOS Group for the year ended 30 June 2013 are set out in Annexure A of this Information Memorandum. The income statement, statement of comprehensive income, statement of changes in equity, balance sheet and cash flow statement and the accompanying notes have been independently audited by EBOS Group's auditors, Deloitte.

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

8.2 Events Subsequent to 30 June 2013

EBOS completed the purchase from Zuellig of all of the shares in Symbion on 5 July 2013. In satisfaction of the NZ$865 million consideration, EBOS:

- issued 58,126,842 new Shares to Zuellig (the Consideration Shares); and
- paid Zuellig NZ$367 million in cash.

In addition, EBOS assumed NZ$230 million of Symbion's net debt.

The cash consideration paid to Zuellig was part funded by:

- a fully underwritten placement of 10,591,314 Shares at $8.50 per share, raising $90 million, which completed on 7 June 2013; and
- a fully underwritten, pro-rata, renounceable entitlement offer of 7 shares for every 20 shares held at an application price of $6.50 per share, raising $149 million, which completed on 5 July 2013.

In addition, EBOS undertook a bonus issue of 2 new Shares for every 53 Shares held by Shareholders as at the bonus issue record date to ensure that its existing Shareholders at that date had the benefit of its accumulated imputation credits which would otherwise have been lost as a result of the implementation of the Symbion acquisition. The bonus issue Shares were issued on 10 June 2013.

To provide further funding for the cash consideration paid to Zuellig, with effect from 5 July 2013, EBOS refinanced and extended the Group's syndicated term debt and working capital facilities, along with the Symbion term debt, working capital and securitisation facilities. The new syndicated facilities are summarised below and remain subject to a negative pledge deed in respect of the Group's assets in favour of the Group's syndicated bankers. The new facilities are based on financial terms similar to those of the previous facilities in place.

Facility Amount	(NZ$)	Maturity
Term debt facilities	$100.8m	July 2015
Term debt facilities	$100.8m	July 2016
Term debt facilities	$106.9m	July 2017
Working capital facilities	$93.1m	July 2015
Securitisation facility	$495.7m	September 2015

The effect of this refinancing was to retain the facility head room that was in place at 30 June 2013 in addition to providing funding for the cash consideration paid to Zuellig for Symbion. The refinancing also extended the maturity profile of the Group's borrowing facilities. The Group is committed to repayments of its term debt facilities of approximately $20m per year with quarterly repayment terms.

The net effect of all of the above acquisition, capital raising and debt refinancing transactions post balance date on the consolidated balance sheet of EBOS was as follows:

Share capital increased	$638m
Bank debt increased	$134m
Cash and cash equivalents decreased	$93m
Settlement payable decreased	$865m

Following the issue of the Consideration Shares to Zuellig, The Zuellig Group holds 40% of the Shares in EBOS. With effect from 5 July 2013, two new Directors, Zuellig nominees Peter Williams and Stuart McGregor, were appointed to the Board.

A final dividend of 15.0 cents per Share was declared on 20 August 2013, refer to section 8.5. There have been no other significant events subsequent to 30 June 2013.

8.3 Company Tax Status

EBOS is currently a tax resident of New Zealand and not a tax resident of Australia. The proposed ASX listing in itself does not have a direct effect on the tax residency of EBOS. Tax risks are outlined in section 7.5.

8.4 Outlook

The Rights Issue Offer Document contained prospective financial information (*pfi*) for the period 1 July 2013 to 31 December 2013. The Company has not updated the pfi since it was prepared in May 2013 and there is no present intention to update the pfi. EBOS will report actual results against the pfi when it reports its preliminary financial results for the six months ended 31 December 2013 in February 2014.

On 22 October 2013, EBOS advised Shareholders at its annual meeting of Shareholders, and NZX, that as at the end of the first quarter (30 September), overall results of the EBOS business were on track with the pfi. However, the half year reported results will be affected by the actual AUD/NZD rate compared to the AUD/NZD rate assumed in the pfi (0.82), for the purposes of consolidating Australian operations. The exchange rate assumed in the pfi was based on the market consensus exchange rate forecasts and forward rates from a selection of major trading banks and economic institutions for the period to 31 December 2013. Since then the actual exchange rate has moved (as at 6 November 2013 it was 0.87).

In relation to full year financial results for Symbion, EBOS notes that first half results (to 31 December) are traditionally higher than those for the second half due to the number of trading days and seasonality.

As reported in the EBOS 2013 annual report (attached as Appendix A), understanding markets and reading trends is crucial for EBOS and is expected to position the Group to capture the opportunities arising from the nascent global economic recovery, which will continue to influence consumer, business and government spending. EBOS considers it is ideally positioned to meet the requirements of governments and healthcare organisations for further supply chain efficiencies and to service the requirements of pet owners for higher quality animal care.

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8.5 Dividend Policy

A final dividend of 15.0 cents per Share was declared on 20 August 2013, with the dividend paid on 22 October 2013. The Dividend Reinvestment Plan was operational for that dividend.

The Board intends to maintain its current dividend policy of paying 60% to 70% of nomalised Net Profit After Tax in dividends, after having regard to all relevant factors, including working capital and growth initiative requirements.

As a result of the increased Australian earnings contribution from Symbion, dividends are anticipated to be partially imputed.

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9. Additional Information

9.1 Disclosure and Reporting Obligations

EBOS has been continuously quoted on the NZX Main Board since being listed on 1 December 1960, and can confirm to the best of its knowledge its compliance with the NZX continuous reporting and disclosure obligations during that period. A copy of the material information notified to NZX Limited may be viewed and obtained on its website at www.nzx.co.nz under the ticker code EBO.

EBOS has disclosed the following information to NZX that may be material to the ASX listing since 30 June 2013 to the date of this document:

Announcement	Date
EBOS Ongoing Disclosure Notices	25 October 2013
EBOS GROUP Ltd - AGM 22 October 2013	23 October 2013
EBOS Allotment of Securities - Dividend Reinvestment Plan	22 October 2013
EBOS DRP Strike Price for 2013 Final Dividend	18 October 2013
EBOS Listing of NZSX Waivers granted	20 September 2013
EBOS 2013 Annual Report	19 September 2013
EBOS Notice of Annual General Meeting	16 September 2013
EBOS Presentation of Year End Results to Institutions	22 August 2013
EBOS Delivers Again	20 August 2013
EBOS Ongoing Disclosure Notices	12 July 2013
EBOS GROUP Ltd Substantial Holding Disclosures	8 July 2013
EBOS Notification of Allotment of Securities	5 July 2013
EBOS Announces Settlement of $1.1B Acquisition	5 July 2013

9.2 Transfer Restrictions

Escrow period for Consideration Shares

The Company entered into a lock-up deed with Zuellig pursuant to which Zuellig unconditionally and irrevocably agreed that until the earlier of 30 September 2014; the release of EBOS' trading results (preliminary announcement) or annual report for the financial year to 30 June 2014 on the NZX Main Board; or the date the Shares cease to be quoted on the NZX Main Board, it will not:

- sell, transfer or otherwise dispose of the legal or beneficial ownership of any of the Consideration Shares;
- pass control of any voting rights attached to any Consideration Shares to any other person; or
- agree to do any of the above,

subject to certain defined exceptions, including:

- with the prior written consent of the Board;

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- to a wholly-owned subsidiary of The Zuellig Group Incorporated, provided that such subsidiary agrees to be bound by the same restrictions;
- in connection with the acceptance of an offer for Shares made under the Takeovers Code;
- pursuant to a merger, amalgamation, scheme of arrangement, restructuring or similar transaction;
- pursuant to a buy-back offer made by, or return of capital effected by, the Company; or
- where required by law, an authorisation or any competent authority or where Zuellig reasonably considers the disposition is required to ensure compliance with any law or authorisation applicable to the Consideration Shares.

Consideration Shares pledged as security for warranty claims

The Company entered into a Share Pledge Deed with Zuellig pursuant to which Zuellig granted EBOS a security interest over 4,667,445 Shares, equating to a value of $40 million in order to secure any amounts payable by Zuellig to EBOS to satisfy a warranty claim made by EBOS in the 18 month period following completion of the Symbion acquisition.

9.3 Applicable Law

EBOS as a New Zealand company

EBOS is a company incorporated in New Zealand and is principally governed by New Zealand law, rather than Australian law. In Australia, EBOS is registered with ASIC as a foreign company. As EBOS is not established in Australia, its general corporate activities (apart from any offering of securities in Australia and certain reporting obligations) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Companies Act, Securities Act 1978, Securities Regulations 2009, Securities Markets Act and the New Zealand Financial Markets Authority and Registrar of Companies.

Set out below is information summarising key features of the laws that apply to EBOS as a New Zealand company (under New Zealand law, including as modified by exemptions or waivers) compared with the laws that apply to Australian publicly listed companies generally. It is important to note that this summary does not purport to be a complete review of all matters of New Zealand law applicable to EBOS Group or all matters of Australian law applicable to Australian publicly listed companies or to highlight all provisions that may differ from the equivalent provisions in Australia.

Unless otherwise stated, the Corporations Act provisions do not apply to EBOS as a foreign company.

Concise summary of rights and obligations of security holders, and substantial holdings and takeovers, under New Zealand law

Transactions requiring shareholder approval

The principal transactions or actions requiring shareholder approval under the Companies Act include the following: altering the constitution of the company, appointing or removing a director or auditor, 'major transactions', amalgamations, putting the company into liquidation and changes to the rights attached to shares. These are broadly comparable to the transactions for which shareholder approval is required under the Corporations Act. However, the Corporations Act also requires shareholder approval for certain transactions affecting share capital (e.g. share buy-backs and share capital reductions) and there is no shareholder approval requirement for 'major transactions' under the Corporations Act (although certain related party transactions require shareholder approval).

The matters requiring shareholder approval under the NZX Listing Rules are broadly similar to those under the ASX Listing Rules. However the NZX Listing Rules require shareholder approval in certain circumstances for the provision of financial assistance for the purpose of, or in connection with, the acquisition of shares. The NZX Listing Rules do not require shareholder approval if a company proposes to make a significant change to the nature or

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scale of its activities or proposes to dispose of its main undertaking, as the ASX Listing Rules require.

Shareholders' right to request a meeting

The rights of shareholders to request a meeting under the Companies Act (shareholders holding shares carrying at least 5% of the voting rights may make such a request) are comparable to such rights under the Corporations Act. The Corporations Act also requires the board to call a general meeting on the request of at least 100 shareholders who are entitled to vote at a general meeting and shareholders with at least 5% of the votes that may be cast at the general meeting may also call and arrange to hold a general meeting at their own expense.

Appointment of proxies

Shareholders have the right to appoint a proxy to attend and vote at meetings on their behalf under the Companies Act and under the Corporations Act.

Changing rights attaching to shares

The Companies Act provides that a company must not take action that affects the rights attached to shares unless that action has been approved by a special resolution of each affected interest group. (An "interest group" in relation to an action or proposal affecting the rights attached to shares means a group of shareholders whose affected rights are identical and whose rights are affected by the action or proposal in the same way and who comprise the holders of one or more classes of shares in the company). Under the Corporations Act, if a company's constitution does not set out a procedure for varying or cancelling rights attached to shares in a certain class, such rights may only be varied or cancelled by a special resolution of the members of that class or with written consent of members with at least 75% of the votes in that class.

Relief from oppressive conduct

Under the Companies Act, a shareholder or former shareholder of a company (or any other entitled person) who considers that the affairs of a company have been (or are being, or are likely to be) conducted in a manner that is (or any act or acts of the company have been, or are, or are likely to be) oppressive, unfairly discriminatory, or unfairly prejudicial to him or her, in any capacity, may apply to the court for relief. The court may, if it thinks it is just and equitable to do so, make such orders as it thinks fit. Shareholders also have statutory remedies under the Corporations Act for oppressive or unfair conduct of the company's affairs and the court can make any order as it sees appropriate.

Legal proceedings on behalf of the company

Under the Companies Act, a court may, on the application of a shareholder or director of a company, grant leave to that shareholder or director to bring proceedings in the name and on behalf of the company or any related company, or intervene in proceedings to which the company or any related company is a party, for the purpose of continuing, defending or discontinuing the proceedings on behalf of the company or related company.

Leave may only be granted if the court is satisfied that either the company or related company does not intend to bring, diligently continue or defend, or discontinue the proceedings, or it is in the interests of the company or related company that the conduct of the proceedings should not be left to the directors or to the determination of the shareholders as a whole. No proceedings brought by a shareholder or a director or in which a shareholder or a director intervenes with leave of the court (as described above) may be settled or compromised or discontinued without the approval of the court.

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The position is broadly comparable under the Corporations Act.

"Two strikes" equivalent

There is no equivalent of a "two strikes" rule in relation to remuneration reports in New Zealand. New Zealand companies are not required to publish remuneration reports so shareholders necessarily cannot vote on them. There is, however, an obligation to state in the company's annual report, in respect of each director or former director of the company, the total of the remuneration and the value of other benefits received by that director or former director from the company during the relevant accounting period and, in respect of employees or former employees of the company who received remuneration and any other benefits in their capacity as employees during the relevant accounting period, the value of which was or exceeded $100,000 per annum, the number of such employees, stated in bands of $10,000.

Disclosure of substantial holdings

The Securities Markets Act requires every person who is a "substantial security holder" in a public issuer to give notice to that public issuer and NZX that they are a substantial security holder. "Substantial security holder" means, in relation to a public issuer, a person who has a relevant interest in 5% or more of a class of listed voting securities of that public issuer. The substantial security holder has ongoing disclosure requirements to notify the public issuer and NZX of certain changes in the number of voting securities in which the substantial security holder has a relevant interest or if there is any change in the nature of any relevant interest in the relevant holding or where that person ceases to be a substantial security holder.

Takeovers

The New Zealand position under the Takeovers Code and Securities Markets Act is broadly comparable to the Australian position in relation to the regulation of takeovers. As discussed above, substantial security holder notice requirements apply to relevant interests in 5% or more of a company's listed voting securities. A 20% threshold applies (under which a person is prevented from increasing the percentage of voting rights held or controlled by them in excess of that threshold or from becoming the holder or controller of an increased percentage of voting rights if they already hold or control more than 20% of the voting rights), subject to certain "compliance options" (including full and partial offers, 5% creep over 12 months in the 50% to 90% range, and acquisitions with shareholder approval). Compulsory acquisitions are permitted by persons who hold or control 90% or more of voting rights in a company.

Note: where it is noted that New Zealand law contains comparable provisions to those existing under Australian law, and vice versa, it is emphasised that the summary only attempts to provide general guidance, and the detailed provisions may contain differences and may also be subject to differing interpretation by Australian and New Zealand courts.

9.4 Litigation

EBOS Group is not currently engaged in any litigation and the Directors are not aware of any pending or threatened litigation, which has or would be likely to have a material adverse effect on either the Company or its business activities.

9.5 Auditor

Deloitte has given, and at the time of lodgement of this Information Memorandum has not withdrawn, its consent to be named in this Information Memorandum as EBOS Group's auditor of the financial statements attached to this Information Memorandum at Annexure A. Deloitte takes no responsibility for, nor has it authorised the issue of, any part of this Information Memorandum.

9.6 Authorisation

The Directors report that after due inquiries by them, in their opinion, since the date of the audited financial statements in the financial information section 8 of this Information Memorandum, *Financial and Taxation Information*, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Information Memorandum.

A copy of this Information Memorandum is authorised and has been signed for and on behalf of each Director of EBOS by their duly authorised agent, Mark Waller.

Mark Waller
Chief Executive and Managing Director
EBOS Group Limited

Dated: 7 November 2013

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10. Glossary

A reference in this Information Memorandum to "we", "us" or "our" is a reference to EBOS Group Limited.

The following definitions apply throughout this Information Memorandum unless the context requires otherwise:

Associated Person	has the meaning given to it in the NZX Listing Rules.
ASIC	means the Australian Securities and Investments Commission.
ASX	means the Australian Securities Exchange or ASX Limited ACN 008 624 691 (as the context requires).
ASX Listing Rules	means the official listing rules of the ASX.
Board	means the board of directors of EBOS from time to time.
Companies Act	means the New Zealand Companies Act 1993.
Company *or* ***EBOS***	means EBOS Group Limited.
Consideration Shares	means the 58,126,842 new Shares issued to Zuellig on 5 July 2013 as part consideration for the acquisition of Symbion.
Constitution	means the constitution of EBOS, as amended from time to time.
Corporations Act	means the Corporations Act 2001 (Cth), as amended from time to time.
Director	means an individual who is appointed to the Board.
Dividend Reinvestment Plan *or* ***DRP***	means the dividend reinvestment plan on the terms and conditions set out in an offer document dated 9 September 2013.
Group *or* ***EBOS Group***	means EBOS and its subsidiaries.
IFRS	means International Financial Reporting Standards.
NZX Listing Rules	means the listing rules of the Main Board of NZX.
NZX *or* ***NZX Limited***	means NZX Limited.
NZX Main Board	means the main board equity security market, operated by NZX.
Rights Issue Offer Document	means the simplified disclosure prospectus issued by EBOS on 5 June 2013.

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Official List	means the official list of entities that ASX has admitted and not removed.
Overseas Investment Act	means the New Zealand Overseas Investment Act 2005 and associated regulations.
Information Memorandum	means this Information Memorandum dated 7 November 2013 relating to EBOS.
Securities Markets Act	means the Securities Markets Act 1988 (New Zealand), as amended from time to time.
Share	means an ordinary share in the capital of EBOS.
Shareholder	means a holder of Shares.
Symbion	means ZHHA Pty Limited (ACN 131 957 269) and its subsidiaries.
Takeovers Code	means the Takeovers Code, as set out in the Takeovers Code Approval Order 2000.
The Zuellig Group	means The Zuellig Group Incorporated and its subsidiaries.
Zuellig	means Sybos Holdings Pte Limited.

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DIRECTORY

REGISTERED OFFICE OF EBOS GROUP LIMITED

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REGISTRAR – AUSTRALIA

Computershare Investor Services Pty Limited

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Email: enquiry@computershare.co.nz

DIRECTORS

Rick Christie	Independent Chairman
Mark Waller	Chief Executive and Managing Director
Elizabeth Coutts	Independent Director
Peter Kraus	
Stuart McGregor	
Sarah Ottrey	Independent Director
Barry Wallace	
Peter Williams	

SENIOR EXECUTIVES

Mark Waller	Chief Executive
Michael Broome	Group General Manager – Healthcare Logistics/ProPharma
Angus Cooper	General Manager – Group Projects/Mergers & Acquisitions
Patrick Davies	Chief Executive – Symbion Group
Dennis Doherty	Chief Financial Officer
Sean Duggan	Chief Executive – Masterpet Group
Kelvin Hyland	General Manager – EBOS Healthcare New Zealand
David Lewis	General Manager – EBOS Healthcare Australia
Greg Managh	Group General Manager – Onelink/MIS

LEGAL ADVISORS

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Annexure A: 2013 Annual Report

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MEETING THE DEMAND.

EBOS GROUP LIMITED ANNUAL REPORT 2013

EVERYDAY

HEALTHCARE

for HUMANS AND PETS IS A SIZEABLE

and

RAPIDLY

EVOLVING INDUSTRY.

RESPONDING *to the* INDUSTRY'S NEEDS *takes place on* DEMAND,

OFTEN

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IT INVOLVES *multiple* **PARTIES**

WITH VERY DIFFERENT *needs*, IN VERY DIFFERENT *channels*, WORKING TO VERY DIFFERENT *definitions* OF

SUCCESS.

ACROSS

HUGE

DISTANCES.

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WE FORM *the* VITAL *link* BETWEEN HEALTH PRODUCT MANUFACTURERS *and the* FRONTLINE.

OUR SPECIFIC CAPABILITIES IN PHARMACEUTICAL WHOLESALING, MEDICAL CONSUMABLES DISTRIBUTION, THIRD PARTY LOGISTICS, SALES *and* MARKETING OF ANIMAL CARE, MEDICAL AND OVER THE COUNTER PRODUCTS ARE

UNRIVALLED.

WE KNOW HOW TO MAKE THE MOST OF EVERY *health dollar* WE ARE RESPONSIBLE FOR.

OUR REVENUES *across* AUSTRALASIA *are on* TRACK TO

EXCEED

$ 6

BILLION.

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EXPANDING

OVER THE LAST *12 years*, EBOS HAS *successfully* ACQUIRED 19 BUSINESSES TO BECOME THE CLEAR *market leader* IN NEW ZEALAND. THIS YEAR, WITH THE ACQUISITION OF LEADING AUSTRALIAN PHARMACEUTICAL WHOLESALER AND DISTRIBUTOR *Symbion*, WE HAVE BECOME THE LARGEST *diversified* AUSTRALASIAN MARKETER, WHOLESALER AND DISTRIBUTOR OF HEALTHCARE, MEDICAL *and* PHARMACEUTICAL PRODUCTS, *and* A LEADING AUSTRALASIAN ANIMAL CARE PRODUCTS DISTRIBUTOR:

#1 IN COMBINED PHARMACY *and* HOSPITAL PHARMACEUTICAL WHOLESALE AND DISTRIBUTION *in* AUSTRALIA AND NEW ZEALAND

NZ **#1** PHARMACY WHOLESALER *in* NEW ZEALAND

AU **#2** PHARMACY WHOLESALER *in* AUSTRALIA

NZ **#1** IN HOSPITAL PHARMACEUTICAL DISTRIBUTION *in* NEW ZEALAND

AU **#1** IN HOSPITAL PHARMACEUTICAL DISTRIBUTION *in* AUSTRALIA

#1 OR **#2** IN PRE-WHOLESALE/3PL (*third party logistics*) IN NEW ZEALAND

COMPREHENSIVE RETAIL *and* WHOLESALE DISTRIBUTION NETWORK IN THE ANIMAL CARE MARKET, WITH OUR OWN PET CARE BRANDS AND 22 SPECIALTY RETAIL OUTLETS THROUGH OUR ANIMATES JOINT VENTURE *in* NEW ZEALAND.

HERE'S HOW WE GOT HERE:

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1922

COMPANY WAS FOUNDED AS *Early Brothers Trading Co. Ltd.*

1960

COMPANY IS *listed* ON THE NEW ZEALAND STOCK EXCHANGE.

1986

COMPANY NAME BECOMES *EBOS Group Ltd.*

1996

EBOS ACQUIRES THE LARGEST PRIVATE MEDICAL WHOLESALER IN NSW – *Richard Thompson & Co.* THIS ACQUISITION MARKS THE ENTRY OF EBOS AS A MAINSTREAM MEDICAL SUPPLIER IN THE AUSTRALIAN MARKET.

2000

EBOS *acquires Medic Corporation,* A WELLINGTON BASED SALES & MARKETING ORGANISATION SPECIALISING IN REPRESENTING MEDICAL, CONSUMER, DENTAL & SCIENTIFIC BRANDS. THIS ACQUISITION TRANSFORMS EBOS INTO THE LARGEST INDEPENDENT HEALTHCARE SUPPLY COMPANY IN NEW ZEALAND.

2002

EBOS *acquires the Nature's Kiss business* INCLUDING THE 'HERO' RETAIL BRAND ANTIFLAMME.

EBOS COMPLETES THE *acquisition of Health Support Ltd* (NOW CALLED ONELINK) FROM THE GOVERNMENT. THIS BUSINESS PROVIDES SPECIALISED LOGISTICS OF MEDICAL CONSUMABLES AND PHARMACEUTICALS FOR A NUMBER OF NEW ZEALAND'S DHBS.

2004

Acquisition of Vernon Carus, A SPECIALISED INFECTION PREVENTION PROVIDER IN PUBLIC/PRIVATE HOSPITALS AND AGED CARE FACILITIES THROUGHOUT AUSTRALIA.

2005

EBOS *acquires the scientific business Global Science* IN NEW ZEALAND AND *Quantum Scientific* IN AUSTRALIA IN ORDER TO EXPAND OUR EXISTING MEDIC SCIENTIFIC BUSINESS.

2006

EBOS *acquires the leading NSW based Australian medical wholesaler Vital Medical Supplies,* AS WELL AS THE LEADING TASMANIAN MEDICAL WHOLESALER TASMED PTY LTD. THESE ACQUISITIONS TRANSFORM EBOS INTO THE LEADING AUSTRALIAN MEDICAL WHOLESALER IN THE PRIMARY CARE MARKET (GENERAL PRACTITIONERS).

EBOS ATTAINS AN NZX TOP50 LISTING.

2007

EBOS *acquires the New Zealand pharmaceutical wholesaler Propharma and pre-wholesale third party logistics provider Healthcare Logistics from the Zuellig Group.* EBOS IS NOW THE LARGEST PHARMACEUTICAL WHOLESALER IN NEW ZEALAND AND NUMBER ONE OR TWO PRE – WHOLESALE (THIRD PARTY LOGISTICS) PROVIDER IN NEW ZEALAND.

EBOS *acquires Crown Scientific* TO FURTHER EXPAND OUR AUSTRALIAN PRESENCE IN THIS MARKET. EBOS BECOMES THE CLEAR NUMBER TWO SUPPLIER IN THE COMBINED AUSTRALIAN AND NEW ZEALAND SCIENTIFIC SUPPLY MARKET.

2008

EBOS GROUP *revenues exceed $1b for the first time.*

2010

EBOS DIVESTS ITS PORTFOLIO OF SCIENTIFIC BUSINESSES IN NEW ZEALAND & AUSTRALIA TO THE NUMBER TWO GLOBAL SCIENTIFIC SUPPLY COMPANY BASED IN THE USA.

2011

EBOS *acquires Masterpet Corporation,* A SUCCESSFUL ANIMAL HEALTHCARE BUSINESS IN NEW ZEALAND AND AUSTRALIA AND VIA OWNERSHIP, 50% OF THE ANIMATES RETAIL PET STORE GROUP. EXPANDING INTO ANIMAL CARE PROVIDES EBOS EARNINGS DIVERSITY, HIGHER MARGINS AND A LESS REGULATED ENVIRONMENT.

2013

EBOS *acquires Symbion,* THE LEADING PHARMACEUTICAL WHOLESALER IN THE COMBINED PHARMACY AND HOSPITAL MARKETS IN AUSTRALIA AND VIA OWNERSHIP, LYPPARD, THE NUMBER TWO VETERINARY WHOLESALER IN AUSTRALIA.

THE SYMBION ACQUISITION TRANSFORMS EBOS INTO THE LARGEST AND MOST DIVERSIFIED AUSTRALASIAN MARKETER, WHOLESALER AND DISTRIBUTOR OF HEALTHCARE, MEDICAL AND PHARMACEUTICAL PRODUCTS, BY REVENUE, AND A LEADING AUSTRALASIAN ANIMAL CARE PRODUCTS MARKETER & DISTRIBUTOR.

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WHAT WE OFFER NOW

OUR INCREASED *scale* ENHANCES OUR ABILITY TO PROVIDE THE CRITICAL INFRASTRUCTURE REQUIRED BY HEALTHCARE AND ANIMAL CARE CUSTOMERS AND SUPPLIERS IN THE *expanding* AUSTRALIAN AND NEW ZEALAND MARKETS:

HEALTHCARE					ANIMAL CARE
Manufacturer services	**Logistics and distribution**	**Pharm. & hospital wholesaling**	**Sales and marketing**	**Retail brands and services**	**Veterinary/ pet products**
Product management solutions to pharmaceutical companies. Clinical trial logistics and depot services.	Third party distribution and logistics solutions. Distribution systems, customer services, accounting, IT systems and electronic ordering of products on behalf of pharmaceutical and healthcare suppliers and manufacturers.	Specialist wholesaler and distributor of ethical, OTC, medical and consumer products to pharmacies and public and private hospitals.	Sales and marketing of a wide range of healthcare products across consumer, primary care, hospital, aged care and international markets.	Retail pharmacy brand ownership, sales of branded product and operation of pharmacy support and management systems.	Sales and marketing, veterinary wholesaler, distributor and retailer of animal healthcare products, pet accessories and premium foods across Australasia.

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MANAGING DIRECTOR'S REVIEW

EXCITING TIMES AHEAD.

MARK *Waller*

CHIEF EXECUTIVE AND MANAGING DIRECTOR

BOLDNESS, TEMPERED WITH PATIENCE *and* RESILIENCE HIGHLIGHT WHAT EBOS STANDS FOR.

I commented at last year's Annual General Meeting that our goal was to become a "$1 billion market capitalisation business in five years". We were confident that this was a realistic aspiration. One year on, our market capitalisation sits at circa $1.4 billion and we are now truly a leading Trans Tasman business in our core operations. This does not imply we can now relax because we have reached our target early; it demonstrates the potential for this business if it remains dynamic and open to the right opportunities – big or small.

Our track record of delivering outstanding returns is founded on growth underpinned by a fundamental determination to be either number one or two in the market segments that we operate in. All growth must offer benefits to our customers, suppliers and shareholders to be sustainable. Expansion into Australia has been a key focus for some time as the target for our next phase of substantial growth. The Symbion acquisition transformed us overnight into the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products by revenue and a leading Australasian animal care products marketer and distributor. The Symbion acquisition is a 'game changer' and an excellent fit for us in terms of scale, opportunities and match with our existing businesses.

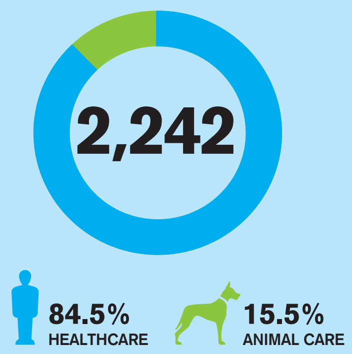
With Symbion we are the number one pharmacy wholesaler in Australasia, the number one in hospital pharmaceutical distribution in Australasia and a leading third party logistic pre-wholesaling business in New Zealand.

The Symbion acquisition provides us with the perfect platform from which to drive further revenue gains. Operationally we have a greater range of capabilities to take advantage of new and existing opportunities in the growing healthcare and animal care markets in both countries.

EBOS SNAPSHOT

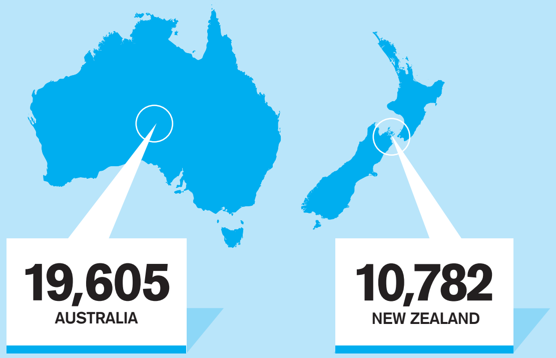
STAFF

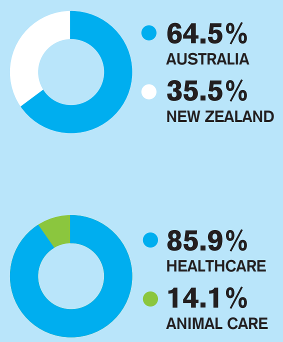
EBOS have a combined staff roll of over two thousand employees across Australasia.



CUSTOMERS

As the demand grows in these sectors, we have grown to include a combined customer base of **30,387**.



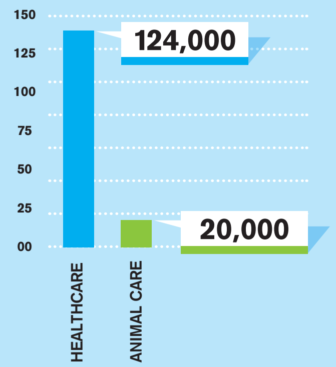


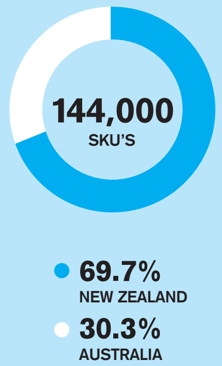
EFFICIENTLY PROCESSING ORDERS

Electronic ordering throughout our network annually is now three quarters of all orders processed adding significant value and efficiency, minimising waste in distribution costs for all our customers and suppliers.

PRODUCT SKU'S

We have a significant range of products serving both the healthcare and animal care sectors.





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Another important prospect that I wish to highlight as potentially very significant occurred in June 2013. We were advised by the Crown owned company Health Benefits Ltd (HBL) that we were chosen as the "preferred respondent" to streamline the distribution of medical supplies across the national public hospital network (DHBs) and similarly distribute pharmaceuticals to certain public hospitals. This highlights our specialised logistics ability which is a core competency of our businesses and demonstrates that we can win against global players in this area. This is an exciting opportunity and a big tick of approval from the Government. A successful conclusion to the HBL contract would allow us to draw on Symbion's 'best in class' technology platform and replicate that here in NZ.

Our goal this year is to leverage the scale and expertise we have across both the New Zealand and Australian markets. We see considerable scope to use our expertise to expand both Symbion's third party logistics business in Australia and to extend into medical consumable operations to complement its existing pharmaceutical business.

We also want to expand into veterinary wholesaling in New Zealand and to utilise our combined Australasian resources to significantly enhance the market positions of both Masterpet and Lyppard. Our acquisition of Masterpet in 2011 for $105 million was our largest acquisition before Symbion. It has performed very well for us and now sits perfectly alongside Lyppard. Expanding the animal care part of our business will provide earnings diversity into a higher growth, higher margin industry that is less regulated than our government funded healthcare businesses.

When it comes to buying businesses we have a strong track record of success. We have made 19 acquisitions in the past 12 years, growing revenue from $80.8 million to more than $6 billion.

Scale is important to us but that doesn't mean the next purchase must be bigger than the last. We only buy good companies at attractive acquisition multiples that add to our core competencies in healthcare and animal care. We also have a core philosophy when buying a company of doing no harm to the business. So we buy companies that we like both in terms of what they do and the people that run them. EBOS itself has a tiny corporate team and relies on achieving operational excellence within our decentralised businesses.

As a company we have built significant expertise in areas such as finance, marketing, sales and logistics – whatever the target business may do, we can assemble a highly effective team to analyse the opportunity and leverage gains post settlement. Cross pollination of ideas and sharing expertise is a "way of life" for our group businesses.

Strategically we look for global trends and analyse their local impact and position our business to capitalise on this before they happen. As markets shift, so do we.

We will not be standing still, be that seeking organic growth within our existing businesses, driving efficiencies and looking at further acquisition opportunities as long as they meet our exacting criteria. In doing this we will strive to ensure that our shareholders continue to get the returns that you have become accustomed to receiving.

Healthcare and Animal care are key sectors of the economy and as such provide a wealth of future opportunity.

MARK WALLER
Chief Executive and Managing Director

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CHAIRMAN'S REPORT

STRONG RESULTS.

RICK *Christie*

CHAIRMAN

THE 2013 FINANCIAL YEAR WAS MOMENTOUS FOR EBOS.

We successfully completed the largest transaction in the history of the company and did so in a manner generating significant shareholder value. I said at the time of the purchase that we only buy good companies. This is not just a good company, it is a great company, with great management. Certainly given the positive market reaction to this acquisition, we are not alone in thinking this.

Growth – be it through acquisition or internal expansion and efficiencies – is not an end goal in itself. The key is to always target being the leader or number two in all the key market segments in which we operate. That is the underlying philosophy that drives EBOS and will continue to do so in the future. The result is consistent exemplary returns for our shareholders; over the past 10 years we have provided investors with compounding returns of 19% per annum.

The Symbion transaction is important to us for a number of reasons. Our increased size means that we now have the scale to invest in the infrastructure that will create further efficiencies for our manufacturing and pharmaceutical partners, while maintaining or creating market leading positions for our business units. The transaction also expands our shareholder base, resulting in greater share liquidity, an improved NZX 50 position and increased broker coverage. We have also stated that it is our intention to seek a dual listing of EBOS on the ASX by the end of this calendar year, 2013.

Capital raising

The compelling metrics of the Symbion transaction were endorsed by new and existing shareholders who supported the placement of new shares and participated in the entitlement offer. New and existing shareholders contributed $239 million towards the $1.1 billion purchase price. The balance comprised new and replacement financing facilities totalling $370 million and the issue of $498 million in new shares to Sybos Holdings Pte Limited (Zuellig Group) which now holds 40 per cent of the total shares on issue. It is certainly a pleasure to have Zuellig as a new cornerstone investor in EBOS, given its relevant international expertise in healthcare and pharmaceuticals.

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It's also a big vote of confidence in EBOS in terms of the direction in which we are heading. Moreover, our ability to satisfy much of the purchase price for Symbion through the issue of new shares means that we have retained considerable financial flexibility on our balance sheet.

Balance Sheet

At balance date the Company remained conservatively geared with net debt of $173.5 million representing 36.3% of net debt plus equity. Mainly as a result of the Symbion transaction, total assets increased by $1.874 billion to $2.532 billion at year end.

Board

I am pleased to welcome Stuart McGregor and Peter Williams to the Board. Stuart and Peter were nominated by Zuellig Group and elected as non-executive Directors at the Special General Meeting in June 2013. Both will add to the expertise of the Board as it works with management to refine the strategic positioning of the Company.

The Board now comprises eight Directors which is appropriate for a company with a market capitalisation of greater than $1 billion.

Management

Much of the credit for the growth of EBOS goes to Chief Executive and Managing Director Mark Waller who ably leads a small core group of senior executives. Mark and his team are to be congratulated on bringing the Symbion transaction to a successful conclusion after an extensive period of intense work.

The real work now begins – to identify and action the most promising opportunities the new and expanded combined group has to offer. The Board has confidence the senior management group, including the Symbion team led by Patrick Davies, is already working to deliver on that potential.

Performance

Much was achieved in the 2013 financial year which included the first full year of trading for Masterpet, acquired during the previous year. Masterpet had an excellent year, fully meeting its performance targets. Healthcare performed strongly in New Zealand, and in Australia increased market penetration through competitive positioning.

The 2013 result for EBOS, excluding the Symbion trading for one month and one off transaction costs, represented an underlying lift in EBITDA of 14%.

Dividends

An interim dividend of 17.5 cents a share fully imputed was declared in April 2013 and a two for 53 bonus issue of ordinary shares was made in June 2013 to distribute available imputation credits. A final dividend for the 2013 year of 15 cents per share on the much enlarged capital base, partially imputed will be payable on 22 October 2013.

The Board has determined that future dividends will amount to 60-70 per cent of normalised net profit after tax (NPAT) after taking into account working capital requirements and funding for growth initiatives.

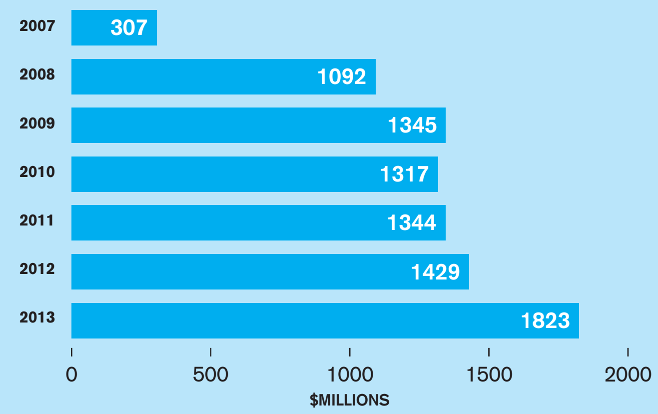
Outlook

Understanding our markets and reading trends is crucial for EBOS and will position the group to capture the opportunities arising from the nascent global economic recovery, which will continue to influence consumer, business and government spending. EBOS is ideally positioned to meet the requirements of governments and healthcare organisations for further supply chain efficiencies and to service the requirements of pet owners for higher quality animal care.

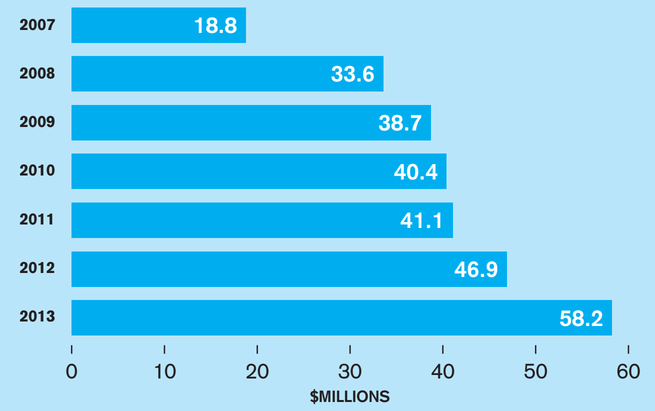
RICK CHRISTIE
Chairman

FINANCIAL *Highlights*

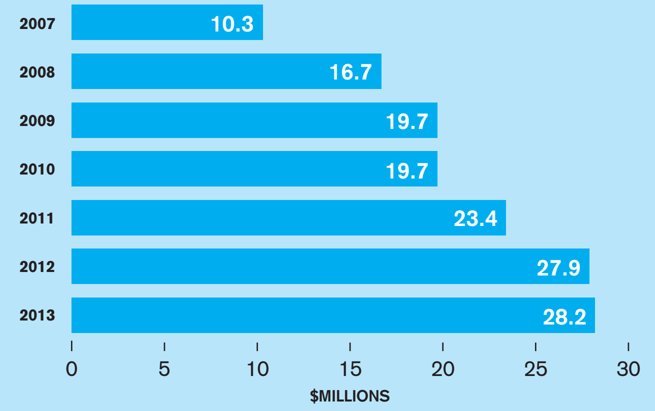
SEVEN YEAR REVENUE TREND



SEVEN YEAR EBITDA TREND



SEVEN YEAR CONTINUING OPERATIONS NPAT TREND



HIGHLIGHTS SUMMARY

	2013	2012	2011	2010	2009	2008	2007
Net cash inflow from operating activities ($millions)	26.4	28.1	21.7	41.8	33.3	28.5	7.3
Shareholders' interest ($millions)	304.9	208.6	198.8	182.8	162.0	147.3	92.2
Earnings per share from continuing operations	52.9c	53.6c	45.4c	39.5c	41.1c	37.6c	31.7c
Net interest bearing debt to net interest bearing debt plus equity	36.3%	29.9%	Nil in Funds	1.5%	19.6%	32.0%	8.1%

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BOARD OF DIRECTORS PROFILES

01 02 03

RICK CHRISTIE
MSC (Hons), FNZIoD

Independent Chairman of Directors

(photo page 17)

Joined the EBOS Group Limited Board in June 2000 and was appointed Chairman in April 2003. He is a member of the Audit and Risk Committee, and Chairman of the Remuneration Committee and the Nomination Committee.

Rick Christie is a professional Director with a breadth of governance and international management experience in a number of industries. A former Chief Executive of the diversified investment company Rangatira Limited, a former Managing Director of Cable Price Downer and former Chief Executive of Trade New Zealand. He is the Chairman of National e-Science Infrastructure – NeSI and ServiceIQ, and a Director of South Port New Zealand Limited, Solnet Solutions Limited and Acurity Health Limited. Previously Chairman of AgResearch Limited, Deputy Chairman of the Foundation for Research, Science & Technology and Chairman of the Victoria University Foundation Board of Trustees. He is also a Companion of The Royal Society of New Zealand, a former Director of Television New Zealand and the New Zealand Symphony Orchestra and a past president of Chamber Music New Zealand.

MARK WALLER
BCOM, ACA, FNZIM

Chief Executive & Managing Director

(photo page 13)

Mark Waller has been Chief Executive and Managing Director of EBOS Group Limited since 1987. He is a member of the Remuneration Committee. He is a Director of all the EBOS Group Limited subsidiaries, as well as being a Director of Scott Technology Limited and HTS-110 Limited (alternate Director). He was the recipient of the Executive of the Year award at the 2010 Deloitte/Management magazine Top 200 Awards.

01. STUART MCGREGOR
BCOM, LLB, MBA

Stuart McGregor was educated at Melbourne University and the London School of Business Administration, gaining degrees in Commerce and Law. He also completed a Masters of Business Administration.

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. Currently Stuart is Chairman of Donaco International Limited, an ASX listed company. He is also Chairman of Powerlift Australia Pty Limited and C B Norwood Pty Limited.

02. SARAH OTTREY
BCOM

Independent Director

Appointed to the EBOS Group Limited Board September 2006. Sarah Ottrey is a Director of Blue Sky Meats (NZ) Limited, Smiths City Group Limited, Comvita Limited, Whitestone Cheese Limited and Sarah Ottrey Marketing Limited, and is a member of the Inland Revenue Risk and Assurance Committee. She is a past board member of the Public Trust. Sarah has held senior marketing management positions with Unilever and Heineken.

04 05 06

03. BARRY WALLACE
MCOM (HONS), CA

Barry Wallace was appointed to the EBOS Group Limited Board October 2001. He is Chairman of the Audit and Risk Committee and member of the Remuneration Committee.

Barry is a chartered accountant with a background in financial management. He is a former Chief Executive of Health Support Limited and is the Finance Director of a private group of companies and trusts. He is a Director of Whyte Adder No 3 Limited, Strand Holdings Limited, Strand Management Limited, Herpa Properties Limited, Ecostore Company Limited, Eco Tech Solutions Limited, Huckleberry Farms Limited, Peton Limited and Peton Villas Limited and a Trustee of The Perpanida Trust and The Annalise Trust.

04. PETER KRAUS
MA (HONS), DIP ENG.

Peter Kraus has been a Director of EBOS Group Limited since 1990. He is a member of the Nomination Committee.

He is a Director of Whyte Adder No 3 Limited, Strand Holdings Limited, Strand Management Limited, Herpa Properties Limited, Ecostore Company Limited, Huckleberry Farms Limited, Peton Limited and Peton Villas Limited and a Trustee of The Perpanida Trust and The Annalise Trust.

05. ELIZABETH COUTTS
BMS, CA

Independent Director

Elizabeth Coutts was appointed to the EBOS Group Limited Board July 2003. She is a member of the Audit and Risk Committee and the Nomination Committee. Elizabeth is a former Chairman of Meritec Group, Industrial Research, and Life Pharmacy Limited, former Director of Air New Zealand Limited and the Health Funding Authority, former Deputy Chairman of Public Trust, former board member of Sport and Recreation 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 and former Chief Executive of the Caxton Group of Companies.

Her current directorships include Chair of Urwin & Co Limited, and Director of NZ Directories Holdings Limited (and subsidiaries), Ports of Auckland Limited, Ravensdown Fertiliser Co-operative Limited, Sanford Limited, Skellerup Holdings Limited and Tennis Auckland Region Incorporated, and member, Marsh New Zealand Advisory Board. She is Chair of the Inland Revenue Risk and Assurance Committee and of the Auckland Branch of the Institute of Directors Inc.

06. PETER WILLIAMS

Peter Williams has been an executive of The Zuellig Group since 2000. Peter is a Director of Interpharma Investments Limited, Asia's leading distributor of healthcare products, and of Pharma Industries Limited. He is also a Director of Cambert, a company marketing health and personal care products in South East Asia.

CORPORATE GOVERNANCE STATEMENT

The Board and management of EBOS Group Ltd are committed to ensuring that the Company adheres to best practice and governance principles and maintains high ethical standards. The Board has agreed to regularly review and assess the Company's governance structures to ensure they are consistent, both in form and in substance, with best practice. These are set out in the Company's Corporate Governance Code, the full content of which can be found on the Company's website (www.ebos.co.nz). The Board considers that the Company's Corporate Governance policies, practices and procedures substantially comply with the New Zealand Exchange Corporate Governance Best Practice Code.

CODE OF ETHICS

The EBOS Code of Ethics is the framework of standards by which the Directors and employees of EBOS and its related companies are expected to conduct their professional lives, and covers conflicts of interest, receipt of gifts, confidentiality, expected behaviour, delegated authority and compliance with laws and policies.

ROLE OF THE BOARD AND MANAGEMENT

The Board is responsible for the direction and supervision of the business and affairs of the Company and the monitoring of the performance of the Company on behalf of shareholders. The Board also places emphasis on regulatory compliance.

Responsibility for the day to day management of the Company has been delegated to the Chief Executive/Managing Director and his management team.

BOARD COMPOSITION

The Board is elected by the shareholders of EBOS Group Ltd. At each annual meeting at least one third of the Directors retire by rotation. The Board currently comprises the following non-executive Directors: Chairman, Rick Christie; Elizabeth Coutts; Peter Kraus; Stuart McGregor; Sarah Ottrey; Barry Wallace and Peter Williams. It has one executive Director Mark Waller, Chief Executive and Managing Director. Rick Christie, Elizabeth Coutts and Sarah Ottrey have been determined as Independent Directors, (as defined under the NZSX Listing Rules and the EBOS Group Ltd Corporate Governance Code).

BOARD COMMITTEES

Specific responsibilities are delegated to the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee. Each of these committees has a charter setting out the committee's objectives, procedures, composition and responsibilities. Copies of these charters are available on the Company's website.

Audit and Risk Committee
The Audit and Risk Committee provides the Board with assistance in fulfilling its responsibilities to shareholders, the investment community and others for overseeing the Company's financial statements, financial reporting processes, internal accounting systems, financial controls, and annual external financial audit and EBOS's relationship with its external auditor. In addition, the Audit and Risk Committee is responsible for the establishment of policies and procedures relating to risk oversight, identification, management and control. Members of the Audit and Risk Committee are Barry Wallace (Chairman), Rick Christie and Elizabeth Coutts.

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

Nomination Committee
The procedure for the appointment and removal of Directors is ultimately governed by the Company's Constitution. A Director is appointed by ordinary resolution of the shareholders although the Board may fill a casual vacancy. The Board has delegated to the Nomination Committee the responsibility for recommending candidates to be nominated as a Director on the Board and candidates for the committees. When recommending candidates to act as Director, the Nomination Committee takes into account such factors as it deems appropriate, including the experience and qualifications of the candidate. The current members of the Nomination Committee are Rick Christie (Chairman), Elizabeth Coutts and Peter Kraus. The majority of the members of the Nomination Committee are independent.

BOARD PROCESSES

The table within the Directors' Report shows attendances at the board and committee meetings during the year ended 30 June 2013.

SHARE TRADING BY DIRECTORS AND OFFICERS

The Company has formal procedures that Directors and officers must follow when trading EBOS shares. They must notify and obtain the consent of the Board prior to any trading.

SHAREHOLDER PARTICIPATION

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

DIRECTORS' DISCLOSURES

DIRECTORS' INTERESTS

Share dealings by Directors
The Directors have disclosed to the Board under section 148(2) of the Companies Act 1993 particulars of acquisitions of dispositions of relevant interest.

Disclosure of interests by Directors
In accordance with section 140(2) of the Companies Act 1993, the Directors named below have made general disclosure of interest, by a general notice disclosed to the Board and entered in the Company's interest register, as follows:

R.G.M. Christie: Chairman of National e-Science Infrastructure – NeSI and ServiceIQ. Director of South Port New Zealand Limited, Masterpet Corporation Limited, PRNZ Limited and its associated companies, NZ Pork Industry Board, Solnet Solutions Limited, and Acurity Health Group Limited.

E.M. Coutts: Chair of Urwin & Co Limited, and Director of NZ Directories Holdings Limited (and subsidiaries), Ports of Auckland Limited, Ravensdown Fertiliser Co-operative Limited, Sanford Limited, Skellerup Holdings Limited and Tennis Auckland Region Incorporated, and Member, Marsh New Zealand Advisory Board. She is Chair of Inland Revenue, Audit and Assurance Committee and Chair Auckland Branch, Institute of Directors Inc.

P.F. Kraus: Director of Whyte Adder No.3 Limited, Strand Holdings Limited, Strand Management Limited, Herpa Properties Limited, Ecostore Company Limited, Huckleberry Farms Limited, Peton Limited, Peton Lodge Limited and Peton Villas Limited and Trustee of the Perpanida Trust, and the Annalise Trust.

S.J. McGregor: Chairman of Donaco International Limited, Powerlift Australia Pty Limited, and C.B. Norwood Pty Limited.

S.C. Ottrey: Director of Blue Sky Meats (NZ) Limited, Comvita Limited, Smiths City Group Limited, Whitestone Cheese Limited, and Sarah Ottrey Marketing Limited and Member of the Audit and Assurance Committee Inland Revenue.

B.J. Wallace: Director of Allum Management Services Limited, Masterpet Corporation Limited, PRNZ Limited and its associated companies, Whyte Adder No.3 Limited, Strand Holdings Limited, Strand Management Limited, Herpa Properties Limited, Ecostore Company Limited, Eco Tech Solutions Limited, Huckleberry Farms Limited, Peton Limited, Peton Lodge Limited and Peton Villas Limited, and Trustee of the Perpanida Trust and The Annalise Trust.

M.B. Waller: Director of EBOS Group Limited and its associated companies, Scott Technology Limited, and HTS-110 Limited (Alternate Director).

P.J. Williams: Executive of The Zuellig Group and associated companies, a Director of Interpharma Investments Limited, Pharma Industries Limited and Cambert.

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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.

SHARE DEALINGS BY DIRECTORS

Director	Ordinary Shares Purchased/(Sold)	Consideration Paid/(Received)	Date of Transaction
R G M Christie – All non beneficially held	2,356	–	June 2013
E M Coutts – Held by associated persons	465	$3,724	October 2012
	613	–	June 2013
S C Ottrey – Held by association persons	120	$961	October 2012
	198	–	June 2013
M B Waller – Held by associated persons	16,027	–	June 2013
M B Waller – Non beneficially held	2,356	–	June 2013
P F Kraus	41	Nil	June 2013
P F Kraus – Held by associated persons	1,418,489	$10,625,000	June 2013
B J Wallace – Non beneficially held	1,418,489	$10,625,000	June 2013

DIRECTORS' SHAREHOLDINGS

Number of fully paid shares held as at		30 June 2013	30 June 2012
E M Coutts	– Held by associated persons	20,588	19,510
R G M Christie	– Non beneficially held – Staff share purchase scheme	145,642	143,286
P F Kraus	– Held by associated persons	1,117	1,076
	– Held by associated persons	5,883,463	4,464,974
S C Ottrey	– Held by associated persons	5,353	5,035
B J Wallace	– Non beneficially held – Director of Whyte Adder No.3 Ltd/ Herpa Properties Ltd	5,883,463	4,464,974
M B Waller	– Held by associated persons	445,067	429,040
	– Non beneficially held – Staff share purchase scheme	145,642	143,286

ATTENDANCE

	Board		Audit & Risk		Remuneration		Due Diligence		Steering	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
R Christie	15	15	5	5	3	3	3	3	3	3
P Kraus	15	14	–	–	–	–	4	4	4	4
E Coutts	15	15	5	5	–	–	10	10	10	10
S Ottrey	15	15	–	–	–	–	4	4	4	4
B Wallace	15	15	5	5	3	3	17	17	17	17
M Waller	15	15	5	4	3	3	17	17	17	17

INDEMNITY AND INSURANCE

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

DIRECTORS' REMUNERATION AND OTHER BENEFITS

Directors' remuneration and other benefits required to be disclosed pursuant to section 211(1) of the Companies Act 1993 for the year ended 30 June 2013 were as follows:

	30 June 2013	30 June 2012
R G M Christie	$154,000	$127,500
E M Coutts	$106,500	$65,000
P F Kraus	$70,500	$60,000
P Merton (resigned 14/9/11)	–	$12,500
M J Stewart (resigned 29/3/12)	–	$45,000
S C Ottrey	$70,500	$60,000
B J Wallace	$123,500	$67,500
M B Waller		
(Chief Executive and Managing Director)	Salary $494,884	$480,470
	* Other benefits $1,684,556	$2,905,361

* Includes a one off long term incentive, performance bonus and other emoluments

GENDER COMPOSITION

As at 30 June 2013, two of the Directors of the Company are female (2012: 2 female) and one management position is held by a female (2012: 1 female).

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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 2013 Number of Employees	30 June 2012 Number of Employees
100,000 – 110,000	27	23
110,000 – 120,000	22	17
120,000 – 130,000	15	14
130,000 – 140,000	3	5
140,000 – 150,000	9	4
150,000 – 160,000	7	4
160,000 – 170,000	7	4
170,000 – 180,000	3	1
180,000 – 190,000	1	2
190,000 – 200,000	5	3
200,000 – 210,000	3	3
210,000 – 220,000	2	2
220,000 – 230,000	1	1
230,000 – 240,000	1	–
240,000 – 250,000	1	–
250,000 – 260,000	1	–
260,000 – 270,000	1	1
270,000 – 280,000	3	3
310,000 – 320,000	–	1
340,000 – 350,000	1	–
380,000 – 390,000	1	1
410,000 – 420,000	1	–
460,000 – 470,000	–	1
550,000 – 560,000	1	1
590,000 – 600,000	1	–
680,000 – 690,000	–	1
790,000 – 800,000	1	–
840,000 – 850,000	1	–

AUDITOR

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

The Directors are satisfied that the provision of non-audit services, during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Companies Act 1993. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 5 to the financial statements.

R.G.M. CHRISTIE
Chairman of Directors

20 August 2013

M.B. WALLER
Chief Executive and Managing Director

FINANCIAL STATEMENTS

Year ended 30 June, 2013

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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 and its controlled entities (together the "Group") for the year to 30 June 2013.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Company and the Group as at 30 June 2013 and the results of their operations and cash flows for the year ended on that date.

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

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

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

The Financial Statements are signed on behalf of the Board by:

R.G.M. CHRISTIE
Chairman of Directors

20 August 2013

M.B. WALLER
Chief Executive and Managing Director

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF EBOS GROUP LIMITED

Deloitte.

Report on the Financial Statements

We have audited the financial statements of EBOS Group Limited and group on pages 30 to 70, which comprise the consolidated and separate balance sheets of EBOS Group Limited as at 30 June 2013, the consolidated and separate income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

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

Auditor's Responsibilities

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

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

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

Other than in our capacity as auditor, investigating accountant in respect of the 5 June 2013 offer document, the provision of due diligence work, internal control assurance services and other advisory services we have no relationship with or interests in EBOS Group Limited or any of its subsidiaries.

Opinion

In our opinion, the financial statements on pages 30 to 70:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of EBOS Group Limited and group as at 30 June 2013, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2013:

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

Deloitte

Chartered Accountants
20 August 2013
Christchurch, New Zealand

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INCOME STATEMENT

For the Financial Year Ended 30 June, 2013	NOTES	Group 2013 $'000	Group 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Revenue	2 (a)	1,823,169	1,428,679	111,433	95,188
Profit before depreciation, amortisation, finance costs and income tax expense		58,243	46,856	40,558	29,439
Depreciation	2 (b)	(4,922)	(3,674)	(552)	(433)
Amortisation of finite life intangibles	2 (b)	(1,514)	(94)	–	–
Profit before finance costs and tax		51,807	43,088	40,006	29,006
Finance costs	2 (b)	(9,593)	(6,987)	(5,028)	(4,322)
Profit before income tax	2 (b)	42,214	36,101	34,978	24,684
Income tax	3	(14,007)	(8,152)	(118)	(36)
Profit for the year		28,207	27,949	34,860	24,648
Earnings per share:					
Basic (cents per share)	26	52.9	53.6		
Diluted (cents per share)	26	52.9	53.6		

STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June, 2013	NOTES	Group 2013 $'000	Group 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Profit for the year		28,207	27,949	34,860	24,648
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedges gains	22	2,773	176	1,532	343
Related income tax to cashflow hedges	22	(359)	(123)	(250)	(95)
(Losses) on translation of foreign operations	22	(6,365)	(1,783)	–	–
Total comprehensive income net of tax		24,256	26,219	36,142	24,896

Notes to the financial statements are included on pages 34 to 70.

BALANCE SHEET

As at 30 June, 2013	NOTES	Group 2013 $'000	Group 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Current assets					
Cash and cash equivalents		198,014	52,646	89,305	7,413
Trade and other receivables	6	736,429	175,712	10,399	8,943
Prepayments	7	7,837	4,540	838	1,577
Inventories	8	558,350	162,997	9,146	9,114
Current tax refundable	3	1,628	735	722	333
Other financial assets – derivatives	9	3,546	109	1,816	–
Advances to subsidiaries		–	–	34,468	26,766
Total current assets		1,505,804	396,739	146,694	54,146
Non-current assets					
Property, plant and equipment	10	95,131	23,489	4,668	4,999
Capital work in progress	11	787	9	–	–
Prepayments	7	16	195	–	–
Deferred tax assets	3	34,361	7,426	310	645
Goodwill	12	722,158	180,553	1,728	1,728
Indefinite life intangibles	13	59,324	30,881	4,960	4,960
Finite life intangibles	14	95,145	279	–	–
Shares in subsidiaries	15	–	–	1,080,686	215,686
Investment in associate	16	19,013	18,428	–	–
Total non-current assets		1,025,935	261,260	1,092,352	228,018
Total assets		2,531,739	657,999	1,239,046	282,164
Current liabilities					
Bank overdraft		–	307	–	–
Trade and other payables	18	892,645	275,548	9,172	8,131
Finance leases	17, 19	1,189	534	–	–
Bank loans	17	215,675	10,156	4,000	4,000
Current tax payable	3	6,378	6,988	–	–
Employee benefits		25,725	8,412	5,820	3,018
Other financial liabilities – derivatives	20	2,872	530	–	222
Advances from subsidiaries	17	–	–	29,319	29,576
Deferred purchase consideration	32	865,000	–	865,000	–
Total current liabilities		2,009,484	302,475	913,311	44,947
Non-current liabilities					
Bank loans	17	151,357	129,684	87,412	107,250
Trade and other payables	18	8,489	3,943	–	–
Deferred tax liabilities	3	48,365	10,880	2,220	2,026
Finance leases	17, 19	3,296	1,064	–	–
Employee benefits		5,871	1,352	–	–
Total non-current liabilities		217,378	146,923	89,632	109,276
Total liabilities		2,226,862	449,398	1,002,943	154,223
Net assets		304,877	208,601	236,103	127,941
Equity					
Share capital	21	201,288	107,970	201,288	107,970
Foreign currency translation reserve	22	(5,675)	690	–	–
Retained earnings	22	107,268	100,359	33,623	20,061
Cash flow hedge reserve	22	1,996	(418)	1,192	(90)
Total equity		304,877	208,601	236,103	127,941

Notes to the financial statements are included on pages 34 to 70.

STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 30 June, 2013	NOTES	Group 2013 $'000	Group 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Equity at start of year		208,601	198,796	127,941	119,459
Profit for the year		28,207	27,949	34,860	24,648
Other comprehensive income:					
Movements in cashflow hedge reserve	22	2,414	53	1,282	248
Movement in foreign currency translation reserve	22	(6,365)	(1,783)	–	–
Dividends paid to company shareholders	23	(21,298)	(16,414)	(21,298)	(16,414)
Shares issued	21	93,318	–	93,318	–
Equity at end of year		304,877	208,601	236,103	127,941

Notes to the financial statements are included on pages 34 to 70.

CASH FLOW STATEMENT

For the Financial Year ended 30 June, 2013	NOTES	Group 2013 $'000	Group 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Cash flows from operating activities					
Receipts from customers		1,917,358	1,433,077	68,966	72,651
Interest received		1,198	1,746	1,388	1,100
Dividends received from subsidiaries		–	–	39,623	22,677
Payments to suppliers and employees		(1,869,090)	(1,391,675)	(61,062)	(67,030)
Taxes paid		(13,458)	(8,049)	–	(1,071)
Interest paid		(9,593)	(6,987)	(5,028)	(4,322)
Net cash inflow from operating activities	25(c)	26,415	28,112	43,887	24,005
Cash flows from investing activities					
Sale of property, plant & equipment		403	103	11	15
Purchase of property, plant & equipment		(2,943)	(3,821)	(236)	(1,457)
Payments for capital work in progress		(778)	(9)	–	–
Payments for intangible assets		(142)	(30)	–	–
Advances to subsidiaries		–	–	(7,959)	(50,116)
Advanced to jointly controlled entity		–	(1,057)	–	–
Acquisition of associates	16	–	(18,200)	–	–
Acquisition of subsidiaries	25(a)	49,263	(89,915)	–	(105,000)
Costs associated with acquisition of subsidiaries		(5,993)	–	(5,993)	–
Net cash inflow/(outflow) from investing activities		39,810	(112,929)	(14,177)	(156,558)
Cash flows from financing activities					
Proceeds from issue of shares		93,318	–	93,318	–
Proceeds from borrowings		30,009	172,250	–	172,250
Repayment of borrowings		(21,474)	(118,501)	(19,838)	(89,000)
Dividends paid to equity holders of parent	23	(21,298)	(16,414)	(21,298)	(16,414)
Net cash inflow from financing activities		80,555	37,335	52,182	66,836
Net increase/(decrease) in cash held		146,780	(47,482)	81,892	(65,717)
Effect of exchange rate fluctuations on cash held		(1,105)	143	–	–
Net cash and cash equivalents at beginning of the year		52,339	99,678	7,413	73,130
Net cash and cash equivalents at the end of the year		198,014	52,339	89,305	7,413
Cash and cash equivalents		198,014	52,646	89,305	7,413
Bank overdrafts		–	(307)	–	–
		198,014	52,339	89,305	7,413

Notes to the financial statements are included on pages 34 to 70.

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1. SUMMARY OF ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE

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

The Company operates in two business segments, being Healthcare and Animal care. Healthcare incorporates the sale of healthcare products in a range of sectors, own brands, retail healthcare, wholesale activities, and logistics. Animal care incorporates the sale of animal care products in a range of sectors, own brands, retail and wholesale activities. The Company also has a third reportable segment being Corporate which includes net funding costs and parent company central administration expenses that have not been allocated to the Healthcare or Animal care segments.

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

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

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

1.2 BASIS OF PREPARATION

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June, 2013 and the comparative information presented in these financial statements for the year ended 30 June, 2012.

The information is presented in thousands of New Zealand dollars.

1.3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of NZ IFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Critical judgements made by management principally relate to the identification of intangible assets such as brands and customer relationships separately from goodwill, arising on acquisition of a business or subsidiaries and the recognition of revenue on significant contracts subject to renewal where the receipt of cashflows does not match the services provided.

1.4 KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty relate to assessment of impairment of goodwill and indefinite life intangibles.

The Group determines whether goodwill and indefinite life intangibles are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and indefinite life intangibles are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and indefinite life intangibles are discussed in notes 12 and 13. It is assumed that significant contracts will be rolled over for each period of renewal.

The most recent impairment calculation has been used in the current year where management considers that the following criteria have been met: there has been little change in the assets and liabilities of a cash generating unit in which the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin and where there have been no events or changes in circumstances that would cause only a remote chance that the current carrying amount of the unit is impaired.

Determining the recoverable amounts of goodwill and intangible assets requires the estimation of the effects of uncertain future events at balance date. These estimates involve assumptions about risk assessment to cash flows or discount rates used, future changes in salaries and future changes in price affecting other costs.

1.5 SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies have been adopted in the preparation and presentation of the financial statements.

a) Basis of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company (the Parent entity) and its subsidiaries as defined in NZ IAS-27 '*Consolidated and Separate Financial Statements*'. A list of subsidiaries appears in note 15 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

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

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

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances are eliminated on consolidation.

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

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

Investments in associates are incorporated in the Group financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Balance Sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where necessary, adjustments are made to bring the associates accounting policies into line with those of the Group.

Any excess of the cost of acquisition over the Group's 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. The Group's goodwill accounting policy is set out below. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

b) Goodwill

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

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

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

c) Indefinite Life Intangible Assets

Indefinite life intangible assets represent purchased brand names and trademarks and are initially recognised at cost. Such intangible assets are regarded as having indefinite useful lives and they are tested annually for impairment on the same basis as for goodwill.

d) Finite Life Intangible Assets

Finite life intangible assets are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life. The estimated useful life of finite life intangible assets is 1 to 10 years. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

e) Intangible Assets Acquired in a Business Combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

f) Property, Plant and Equipment

The Group has five classes of property, plant and equipment:

- Freehold land;
- Buildings;
- Leasehold improvements;
- Plant and vehicles, and
- Office equipment, furniture and fittings.

Property, Plant and Equipment is initially recorded at cost.

Cost includes the original purchase consideration and those costs directly attributable to bring the item of Property, Plant and Equipment to the location and condition for its intended use.

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1. SUMMARY OF ACCOUNTING POLICIES CONTINUED

After recognition as an asset Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

When an item of Property, plant and equipment is disposed of, any gain or loss is recognised in the Income Statement and is calculated as the difference between the sale price and the carrying value of the item.

Depreciation is provided for on a straight line basis on all Property, plant and equipment other than freehold land, at depreciation rates calculated to allocate the assets' cost less estimated residual value, over their estimated useful lives.

Leased assets are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.

The following useful lives are used in the calculation of depreciation:

- Buildings — 20 to 100 years
- Leasehold improvements — 2 to 15 years
- Plant and vehicles — 2 to 20 years
- Office equipment, furniture and fittings — 2 to 10 years

g) Impairment of Assets

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

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

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

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

h) Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Income Statement because it excludes items of income and expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

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

i) Inventories

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

j) Leases

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

Finance leases, which effectively transfer to the Group substantially all of the risks and benefits incident to ownership of the leased item, are capitalised at the present value of the minimum lease payments. The leased assets and corresponding liabilities are recognised and the leased assets are depreciated over the period the Group is expected to benefit from their use. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Income Statement.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of the net surplus in equal instalments over the period of the lease. Lease incentives received are recognised as an integral part of the total lease payments made and also spread on a basis representative of the pattern of benefits expected to be derived from the leased asset.

k) Foreign Currency Translation

Functional and Presentation Currency

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

The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Income Statement for the period.

Foreign Operations

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average rates for the period. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

l) Goods & Services Tax

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

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

m) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

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

Cash & Cash Equivalents

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

Financial Assets at Fair Value through Profit and Loss (FVTPL)

Financial assets are classified as FVTPL where the financial asset is either held for trading or it is designated at FVTPL, such as derivative financial asset instruments where hedge accounting is not applied.

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

Loans and Receivables

Trade and other receivables, including advances to subsidiaries, that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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1. SUMMARY OF ACCOUNTING POLICIES CONTINUED

m) Financial Instruments continued

Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

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

Financial Liabilities at Fair Value through Profit and Loss

Financial liabilities are classified as FVTPL where the financial liability is either held for trading or it is designated at FVTPL, such as derivative financial liability instruments where hedge accounting is not applied.

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

Other Financial Liabilities

Trade and other payables, including advances from subsidiaries and bank loans, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received plus issue costs associated with the borrowing. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest rate method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs, and any discount or premium on drawdown.

Bank loans are classified as current liabilities (either advances or current portion of term debt) unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative Financial Instruments

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

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

Cashflow Hedges

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an on-going basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cashflows of the hedged items.

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

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset and liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires, is terminated, exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

n) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of returns, discounts, allowances and GST. The following specific recognition criteria must be met before revenue is recognised:

Sale of Goods

Sales of goods are recognised when significant risks and rewards of owning the goods are transferred to the buyer, when the revenue can be measured reliably and when management effectively ceases involvement or control.

Rendering of Services

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Effective Interest Method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the carrying amount of the financial asset.

Royalties

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

Dividend Income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

o) Cash Flow Statement

The Cash Flow Statement is prepared exclusive of GST, which is consistent with the method used in the Income Statement.

Definition of terms used in the Cash Flow Statement:

Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

Financing activities are those activities relating to changes in the equity and debt capital structure of the Company and Group and those activities relating to the cost of servicing the Company's and the Group's equity capital.

p) Employee Entitlements

A liability for annual leave and long service leave is accrued and recognised in the Balance Sheet. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

q) Segment Reporting

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

r) Research and Development

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

s) Adoption of New Revised Standards and interpretations

The adoption of FRS 44 New Zealand Additional Disclosures has resulted in a change to the way in which imputation credits have been calculated. Imputation credits are now calculated on an accruals basis. In accordance with the standard this change has been applied retrospectively.

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

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2. PROFIT FROM OPERATIONS

	NOTES	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
(a) Revenue					
Revenue consisted of the following items:					
Revenue from the sale of goods – external		1,811,465	1,423,398	55,788	56,002
Revenue from the sale of goods – inter group		–	–	10,986	10,269
Revenue from the rendering of services		10,506	3,117	–	–
Management fees – external		–	176	–	–
Management fees – inter group		–	–	440	440
Interest revenue – inter group		–	–	1,155	128
Interest revenue – external		1,198	1,746	233	972
Royalty income – inter group		–	–	3,208	4,700
Dividends – inter group		–	–	39,623	22,677
Gain on disposal of associate		–	242	–	–
		1,823,169	1,428,679	111,433	95,188
(b) Profit before income tax expense					
Profit before income tax has been arrived at after crediting/ (charging) the following gains and losses from operations:					
Gain/(loss) on disposal of property, plant and equipment		170	(128)	(2)	(47)
Change in fair value of derivative financial instruments		257	33	257	33
Share of dividends from associates	16	–	500	–	–
Share of equity accounted investments (net of dividends from associates)	16	585	44	–	–
Profit before income tax has been arrived at after (charging) the following expenses by nature:					
Cost of sales – external		(1,597,475)	(1,263,234)	(43,655)	(44,103)
Purchases inter group		–	–	(1,406)	(1,252)
Write-down of inventory		(2,227)	(1,769)	(192)	(205)
Finance costs:					
Bank interest		(8,979)	(6,572)	(5,019)	(3,716)
Other interest expense		(614)	(415)	(9)	(606)
Total finance costs		(9,593)	(6,987)	(5,028)	(4,322)
Net bad and doubtful debts arising from:					
Impairment loss on trade and other receivables		(14)	(293)	(20)	(4)
Depreciation of property, plant and equipment	10	(4,922)	(3,674)	(552)	(433)
Amortisation of finite life intangibles	14	(1,514)	(94)	–	–
Operating lease rental expenses:					
Minimum lease payments		(9,227)	(7,614)	(1,061)	(716)
Donations		(29)	(34)	(5)	(7)
Employee benefit expense		(76,213)	(58,783)	(10,967)	(11,134)
Defined contribution plan expenses		(2,927)	(1,728)	(107)	(79)
Costs associated with acquisition of subsidiaries		(5,993)	–	(5,993)	–
Other expenses		(71,833)	(48,817)	(7,724)	(8,235)
Total expenses		(1,781,967)	(1,393,027)	(76,710)	(70,490)
Profit before income tax expense		42,214	36,101	34,978	24,684

3. INCOME TAXES

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
(a) Income tax recognised in income statement				
Tax expense/(credit) comprises:				
Current tax expense/(credit):				
Current year	13,135	10,108	(460)	514
Adjustments for prior years	860	(245)	299	(419)
	13,995	9,863	(161)	95
Deferred tax expense/(credit):				
Origination and reversal of temporary differences	171	(2,026)	270	(78)
Adjustments for prior years	(159)	315	9	19
	12	(1,711)	279	(59)
Total income tax expense	14,007	8,152	118	36
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Profit before income tax	42,214	36,101	34,978	24,684
Income tax expense calculated at 28% (2012: 28%)	11,820	10,108	9,794	6,912
Non-deductible expenses/(non-assessable income)	998	(11)	(9,984)	(6,187)
Effect of differences arising from investment interests in other jurisdictions	–	(289)	–	(289)
Effect of different tax rates of subsidiaries operating in other jurisdictions	441	(47)	–	–
Under/(over) provision of income tax in previous year	701	70	308	(400)
Other adjustments	47	(1,679)	–	–
Total income tax expense	14,007	8,152	118	36

The tax rates used are principally the corporate tax rates of 28% (2012: 28%) payable by New Zealand and 30% (2012: 30%) payable by Australian corporate entities on taxable profits under tax law in each jurisdiction.

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3. INCOME TAXES CONTINUED

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
(b) Current tax assets and liabilities				
Current tax assets:				
Current tax refundable	1,628	735	722	333
Current tax liabilities:				
Current tax payable	6,378	6,988	–	–
(c) Deferred tax balance				
Deferred tax assets comprise:				
Temporary differences	34,361	7,426	310	645
Deferred tax liabilities comprise:				
Temporary differences	(48,365)	(10,880)	(2,220)	(2,026)
	(14,004)	(3,454)	(1,910)	(1,381)

Taxable and deductible temporary differences arise from the following:

	Group Opening balance $'000	Group Charged to income $'000	Group Charged to other comprehensive income $'000	Group Acquisitions $'000	Group Closing balance $'000
2013					
Gross deferred tax liabilities:					
Property, plant and equipment	(1,936)	163	–	–	(1,773)
Provisions	(26)	17	–	–	(9)
Other financial assets – derivatives	–	26	(316)	–	(290)
Intangible assets	(8,918)	164	387	(37,926)	(46,293)
	(10,880)	370	71	(37,926)	(48,365)
Gross deferred tax assets:					
Property, plant and equipment	–	(30)	(68)	6,309	6,211
Provisions	4,610	148	(346)	20,768	25,180
Doubtful debts and impairment losses	766	6	38	–	810
Other financial liabilities – derivatives	71	(221)	(43)	762	569
Tax losses carried forward	1,979	(285)	(103)	–	1,591
	7,426	(382)	(522)	27,839	34,361
Net movement in deferred tax		(12)	(451)		
2012					
Gross deferred tax liabilities:					
Property, plant and equipment	(1,609)	(327)	–	–	(1,936)
Provisions	–	(26)	–	–	(26)
Intangible assets	(7,097)	(1)	–	(1,820)	(8,918)
	(8,706)	(354)	–	(1,820)	(10,880)
Gross deferred tax assets:					
Provisions	3,219	445	–	946	4,610
Doubtful debts and impairment losses	744	22	–	–	766
Other financial liabilities – derivatives	191	3	(123)	–	71
Tax losses carried forward	384	1,595	–	–	1,979
	4,538	2,065	(123)	946	7,426
Net movement in deferred tax		1,711	(123)		

	Parent Opening balance $'000	Parent Charged to income $'000	Parent Charged to other comprehensive income $'000	Parent Closing balance $'000
2013				
Gross deferred tax liabilities:				
Property, plant and equipment	(637)	21	–	(616)
Intangible assets	(1,389)	–	–	(1,389)
Other financial assets – derivatives	–	–	(215)	(215)
	(2,026)	21	(215)	(2,220)
Gross deferred tax assets:				
Provisions	571	(300)	–	271
Doubtful debts and impairment losses	39	–	–	39
Other financial liabilities – derivatives	35	–	(35)	–
	645	(300)	(35)	310
Net movement in deferred tax		(279)	(250)	
2012				
Gross deferred tax liabilities:				
Property, plant and equipment	(650)	13	–	(637)
Intangible assets	(1,388)	(1)	–	(1,389)
	(2,038)	12	–	(2,026)
Gross deferred tax assets:				
Provisions	524	47	–	571
Doubtful debts and impairment losses	39	–	–	39
Other financial liabilities – derivatives	130	–	(95)	35
	693	47	(95)	645
Net movement in deferred tax		59	(95)	

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

	Group 2013 $'000	Group 2012 $'000
(d) Imputation credit account balances		
Imputation credits available directly and indirectly to shareholders of the parent company:	1,399	8,690

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4. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Short-term employee benefits	9,625	7,092	6,942	4,727
	9,625	7,092	6,942	4,727

5. REMUNERATION OF AUDITORS

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Auditor of the parent entity (Deloitte)				
Audit of the financial statements	432	364	64	70
Audit related services for review of financial statements not included above	6	50	–	26
Investigating accountants report*	105	–	105	–
Due diligence	278	121	258	121
Information technology services	10	140	10	140
Financial modelling assistance	92	–	–	–
Internal control assurance services	12	18	–	–
	935	693	437	357

* These costs have been netted off against share capital

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Other auditors of entities in the group				
Audit of financial statements	224	–	–	–
Other non-audit services	9	–	–	–
	233	–	–	–

6. TRADE AND OTHER RECEIVABLES

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Trade receivables (i)	742,028	176,476	9,678	8,937
Other receivables	11,449	1,395	859	144
Allowance for impairment (ii)	(17,048)	(2,159)	(138)	(138)
	736,429	175,712	10,399	8,943

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

(ii) **Allowance for Impairment**

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Balance at the beginning of the year	(2,159)	(1,625)	(138)	(138)
Arising from businesses acquired	(15,329)	(631)	–	–
Impairment loss recognised on trade receivables	(222)	(296)	(20)	(4)
Amounts written off as uncollectible	280	395	20	4
Amounts recovered during year	(7)	(5)	–	–
Impairment losses reversed	208	3	–	–
Effect of foreign currency exchange differences	181	–	–	–
	(17,048)	(2,159)	(138)	(138)

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances. The net carrying amount is considered to approximate their fair value.

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
(iii) **Aging of impaired trade and other receivables**				
Current	4,334	43	–	–
30 – 60 days	2,387	50	–	–
60 – 90 days	961	32	–	–
90 days+	12,888	3,413	138	138
	20,570	3,538	138	138

(iv) **Aging of past due but not impaired trade and other receivables**

Included in the trade and other receivables balance are debtors with a carrying amount of Group $82.36m (2012: $23.74m) and Parent $2.217m (2012: $1.51m) which are past due at the reporting date for which the Group and/or Parent has not provided any impairment as the amounts are still considered recoverable.

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
30 – 60 days	65,760	17,692	1,806	821
60 – 90 days	8,785	3,128	198	113
90 days+	7,815	2,920	213	576
	82,360	23,740	2,217	1,510

7. PREPAYMENTS

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Current portion	7,837	4,540	838	1,577
Term portion	16	195	–	–
	7,853	4,735	838	1,577

8. INVENTORIES

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Finished Goods				
At cost	558,350	162,705	9,146	9,114
At net realisable value	–	292	–	–
	558,350	162,997	9,146	9,114

9. OTHER FINANCIAL ASSETS – DERIVATIVES

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
At Fair Value:				
Foreign currency forward contracts (i)	160	109	160	–
Foreign currency forward contracts (ii)	2,615	–	885	–
Interest rate swaps (ii)	771	–	771	–
	3,546	109	1,816	–

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

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

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10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land at cost $'000	Buildings at cost $'000	Leasehold improvement at cost $'000	Plant and vehicles at cost $'000	Office equipment furniture & fittings at cost $'000	Total $'000
Gross carrying amount						
Balance at 1 July, 2011	1,895	9,043	2,058	7,466	12,438	32,900
Additions	–	–	273	1,773	1,825	3,871
Disposals	–	–	(370)	(476)	(648)	(1,494)
Acquisition through business combinations	187	238	1,071	4,311	882	6,689
Net foreign currency exchange differences	(6)	(8)	(31)	(111)	(42)	(198)
Balance at 30 June, 2012	2,076	9,273	3,001	12,963	14,455	41,768
Additions	–	4	120	1,569	792	2,485
Disposals	(49)	(90)	(128)	(667)	(1,083)	(2,017)
Acquisition through business combinations	28,529	10,238	7,252	21,675	7,810	75,504
Net foreign currency exchange differences	(316)	(131)	(182)	(630)	(266)	(1,525)
Balance at 30 June, 2013	30,240	19,294	10,063	34,910	21,708	116,215
Accumulated depreciation						
Balance at 1 July, 2011	–	(2,051)	(1,182)	(4,219)	(8,474)	(15,926)
Disposals	–	–	289	5	969	1,263
Depreciation expense	–	(273)	(376)	(1,214)	(1,811)	(3,674)
Net foreign currency exchange differences	–	3	13	27	15	58
Balance at 30 June, 2012	–	(2,321)	(1,256)	(5,401)	(9,301)	(18,279)
Disposals	–	42	95	562	1,067	1,766
Depreciation expense	–	(367)	(476)	(2,016)	(2,063)	(4,922)
Net foreign currency exchange differences	–	9	64	174	104	351
Balance at 30 June, 2013	–	(2,637)	(1,573)	(6,681)	(10,193)	(21,084)
Net book value						
As at 30 June, 2012	2,076	6,952	1,745	7,562	5,154	23,489
As at 30 June, 2013	30,240	16,657	8,490	28,229	11,515	95,131

Parent	Freehold land at cost $'000	Buildings at cost $'000	Leasehold improvement at cost $'000	Plant and vehicles at cost $'000	Office equipment furniture & fittings at cost $'000	Total $'000
Gross carrying amount						
Balance at 1 July, 2011	694	2,920	198	823	1,412	6,047
Additions	–	–	117	795	545	1,457
Disposals	–	–	(198)	(224)	(588)	(1,010)
Balance at 30 June, 2012	694	2,920	117	1,394	1,369	6,494
Additions	–	–	14	113	107	234
Disposals	–	–	–	(300)	(267)	(567)
Balance at 30 June, 2013	694	2,920	131	1,207	1,209	6,161
Accumulated depreciation						
Balance at 1 July, 2011	–	(298)	(148)	(559)	(1,005)	(2,010)
Disposals	–	–	159	206	583	948
Depreciation expense	–	(83)	(11)	(139)	(200)	(433)
Balance at 30 June, 2012	–	(381)	–	(492)	(622)	(1,495)
Disposals	–	–	–	287	267	554
Depreciation expense	–	(80)	(13)	(205)	(254)	(552)
Balance at 30 June, 2013	–	(461)	(13)	(410)	(609)	(1,493)
Net book value						
As at 30 June, 2012	694	2,539	117	902	747	4,999
As at 30 June, 2013	694	2,459	118	797	600	4,668

Group plant includes finance leases capitalised with a cost of $5.261m (2012: $0.304m) and book value of $4.936m (2012: $0.222m).

Land and buildings in Auckland with a carrying value of $5.196m (2012: $5.381m) were last valued on 30 June 2011 and determined by Telfer Young (Auckland) Limited, in accordance with NZ IAS16, to have a fair value of $9.6m.

Land and buildings in Christchurch has a carrying value of $3.153m (2012: $3.233m) which approximates its expected fair value.

Land and buildings acquired as part of the acquisition of ZHHA Pty Limited (Symbion Group) at 1 June 2013 were valued by Jones Lang LaSalle, in accordance with IAS16, with a fair value of $37.9m. This valuation has been reflected in the property, plant and equipment acquired as part of the acquisition of the Symbion Group – refer note 24.

	Group 2013 $'000	Group 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Aggregate depreciation recognised as an expense during the year:				
Buildings	367	273	80	83
Leasehold improvements	476	376	13	11
Plant and vehicles	2,016	1,214	205	139
Office equipment, furniture & fittings	2,063	1,811	254	200
	4,922	3,674	552	433

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11. CAPITAL WORK IN PROGRESS

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Capital work in progress	787	9	–	–

The capital work in progress relates to software development ($469,000) – there are no further costs to complete the project (2012: $48,000), and a refrigeration system ($318,000) – the cost to complete the project is $137,000.

12. GOODWILL

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Gross carrying amount				
Balance at beginning of financial year	180,553	114,132	1,728	1,728
Recognised on acquisition during the year	542,736	66,669	–	–
Effects of foreign currency exchange differences	(1,131)	(248)	–	–
Net book value	722,158	180,553	1,728	1,728

Allocation of goodwill to cash-generating units

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

- Australian Hospital and Primary Healthcare sector (EBOS Group Pty Limited): Healthcare Australia.
- New Zealand Consumer, Hospital, Primary Healthcare, Aged Care and International Product Supplies (EBOS Group Limited): Healthcare NZ.
- New Zealand Pharmacy Wholesaler and Logistic Services (PRNZ Limited): Healthcare – Pharmacy/Logistics NZ.
- New Zealand Animal care sector (Masterpet Corporation Limited (NZ)): Animal care – NZ.
- Australian Animal care sector (Masterpet Australia Pty Limited): Animal care – Australia.

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

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Healthcare Australia	503,910	17,137	–	–
Healthcare NZ (Parent)	1,728	1,728	1,728	1,728
Healthcare – Pharmacy/Logistics NZ	95,043	95,043	–	–
Animal care – NZ	66,375	66,375	–	–
Animal care – Australia	55,102	270	–	–
	722,158	180,553	1,728	1,728

The goodwill recognised in relation to the acquisition of the Symbion Group was also tested for impairment as at 30 June 2013. The respective amounts arising from the acquisition of Symbion Group's healthcare and animal care operations have been allocated to the Healthcare Australia and Animal care – Australia cash generating units.

During the year ended 30 June 2013, management have determined that there is no impairment of any of the cash generating units containing goodwill (2012: Nil).

The recoverable amounts (i.e. higher of value in use and fair value less costs to sell) of those units are determined on the basis of value in use calculations. Management has determined that the recoverable amount calculations are most sensitive to changes in the following assumptions:

- Healthcare Australia, Healthcare NZ, Animal care NZ and Animal care Australia – Maintaining market share and gross margin being maintained during a period of high volatility in foreign currency during the budget period.
- Pharmacy/Logistics NZ – Maintaining market share and controlling operational costs during the assessment period.
- Gross margins during the period for Healthcare Australia, Healthcare NZ, Pharmacy/Logistics NZ, Animal care NZ and Animal care Australia are estimated by management based on average gross margins achieved before the start of the assessment period. Market shares during the assessment period are assessed by management based on average market shares achieved in the period immediately before the start of the budget period, adjusted each year for any anticipated growth.

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

Annual growth rates of 1.4% to 5% (2012: 2.5% to 4%), which is below current historical growth rates; an allowance of 1.4% to 5% (2012: 2% to 3%) for increase in expenses, and pre tax discount rates of 13.1% to 17.4% (2012: 12.9% to 17.4%) have been applied to these projections. Cash flows beyond the five year period have been extrapolated using a 2% to 2.5% (2012: 2%) growth rate. Management also believes that any reasonably possible change in the key assumptions would not cause the carrying amount of any of the cash generating units to exceed their recoverable amount.

13. INDEFINITE LIFE INTANGIBLES

	Group Symbion Brands $'000	Group Other Pharmacy Brands $'000	Group Masterpet Brand & Intangibles $'000	Group Trademarks $'000	Group Total $'000
Gross carrying amount					
Balance at 1 July, 2011	–	6,556	–	17,240	23,796
Recognised on acquisition during the year	–	–	7,110	–	7,110
Net foreign currency exchange differences	–	(25)	–	–	(25)
Balance at 30 June, 2012	–	6,531	7,110	17,240	30,881
Recognised on acquisition during the year	28,871	–	–	–	28,871
Net foreign currency exchange differences	(310)	(118)	–	–	(428)
Balance at 30 June, 2013	28,561	6,413	7,110	17,240	59,324
Net book value					
As at 30 June, 2012	–	6,531	7,110	17,240	30,881
As at 30 June, 2013	28,561	6,413	7,110	17,240	59,324

	Parent Other Pharmacy Brands $'000			Parent Total $'000
Gross carrying amount				
Balance at 1 July, 2011	4,960			4,960
Balance at 30 June, 2012	4,960			4,960
Balance at 30 June, 2013	4,960			4,960
Net book value				
As at 30 June, 2012	4,960			4,960
As at 30 June, 2013	4,960			4,960

13. INDEFINITE LIFE INTANGIBLES CONTINUED

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

	Group 2013 $'000	2012 $'000
Healthcare Australia	32,584	4,141
Healthcare NZ	2,390	2,390
Pharmacy/Logistics NZ	17,240	17,240
Animal care – NZ	7,110	7,110
	59,324	30,881

Management have assessed these as having an indefinite useful life. In coming to this conclusion management considered expected expansion of the usage of the brands across other products and markets, the typical product life cycle of these assets, the stability of the industry in which the brands are operating, the level of maintenance expenditure required and the period of legal control over the brands.

During the current year management have determined that there is no impairment of any of the brands (2012: Nil).

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

The calculation of the recoverable amounts for indefinite life intangibles have been determined based on a value in use calculation that uses cash flow projections based on financial budgets approved by management covering a five-year period. Management has determined that the recoverable amount calculations are most sensitive to change in the following assumptions. Annual growth rates of 1.4% to 3% (2012: 2% to 5%), and an allowance of 1.4% to 3% (2012: 2% to 4%) for increases to expenses, and pre-tax discount rates of 12.9% to 19.2% (2012:13.2% to 19.2%) have been applied to these projections. Cash flows beyond the five-year period have been extrapolated using a 2% to 2.5% (2012: 2%) growth rate. Management also believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the brands to exceed their recoverable amount.

14. FINITE LIFE INTANGIBLES

	Group Supply Contracts $'000	Group Software $'000	Group Customer Relationships/ Contracts $'000	Total $'000
Gross carrying amount				
Balance at 30 June, 2012	1,490	330	–	1,820
Recognised on acquisition during the year	–	1,853	95,443	97,296
Other additions	–	142	–	142
Net foreign exchange differences	–	(67)	(1,026)	(1,093)
Balance at 30 June, 2013	1,490	2,258	94,417	98,165
Accumulated amortisation & impairment				
Balance at 30 June, 2012	(1,458)	(83)	–	(1,541)
Amortisation expense	(32)	(367)	(1,115)	(1,514)
Net foreign exchange differences	–	35	–	35
Balance at 30 June, 2013	(1,490)	(415)	(1,115)	(3,020)
Net book value				
As at 30 June, 2012	32	247	–	279
As at 30 June, 2013	–	1,843	93,302	95,145

Allocated to cash generating units as follows:

	2013 $'000	2012 $'000
Pharmacy/Logistics NZ	–	32
Animal care – NZ	127	81
Animal care – Australia	13,976	166
Healthcare Australia	81,042	–
	95,145	279

15. SUBSIDIARIES

Parent and Head Entity
EBOS Group Limited

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

Subsidiaries (all balance dates 30 June)	Country of Incorporation	Ownership Interests and Voting Rights 2013	2012
EBOS Healthcare (Australia) Pty Limited	Australia	100%	100%
EBOS Group Pty Limited	Australia	100%	100%
EBOS Health & Science Pty Limited	Australia	100%	100%
EBOS Shelf Company New Zealand Limited	New Zealand	100%	100%
EBOS Shelf Company Australia Pty Limited	Australia	100%	100%
PRNZ Limited	New Zealand	100%	100%
EBOS Limited Partnership	Australia	100%	100%
Healthcare Distributors Pty Limited	Australia	100%	100%
Masterpet Corporation Limited	New Zealand	100%	100%
Natures Recipe Pet Foods 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 (formerly Beaphar Australia Pty Limited)	Australia	100%	100%
EBOS Australia Holdings Pty Limited	Australia	100%	0%
ZHHA Pty Ltd*	Australia	100%	0%
ZAP Services Pty Ltd*	Australia	100%	0%
Symbion Pty Ltd*	Australia	100%	0%
Intellipharm Pty Ltd*	Australia	100%	0%
Clinect Pty Ltd*	Australia	100%	0%
Lyppard Australia Pty Ltd*	Australia	100%	0%
APHS Packaging Pty Ltd*	Australia	100%	0%

* These entities represent the entities acquired as a result of the acquisition of the Symbion Group on 1 June 2013. These entities currently have a 31 December balance date, however it is intended to have this changed to 30 June.

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16. INVESTMENT IN ASSOCIATES

Name of business acquired	Principal activities	Date of acquisition	Proportion of shares and voting rights acquired	Cost of acquisition $'000
2012				
Animates NZ Holdings Limited	Animal care supplies	December 2011	50%	18,150

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

Although the company holds 50% of the shares and voting power this entity is not deemed to be a subsidiary as the other 50% is held by a single shareholder and significant transactions require 75% shareholder approval.

In December 2011 the Group acquired a 50% shareholding in Aristopet Pty Ltd (formerly Beaphar Australia Pty Limited) for $50,000. In June 2012 the remaining 50% shareholding was also acquired by the Group at which point Aristopet Pty Ltd became a subsidiary of the Group.

The summary financial information in respect of the Group's associate is set out below:

Statement of financial position	2013 $'000	2012 $'000
Total assets	28,461	28,965
Total liabilities	(21,512)	(23,185)
Net assets	6,949	5,780
Group's share of net assets	3,475	2,890
Income Statement		
Total revenue	56,061	35,157
Total profit for the period	1,170	1,046
Group's share of profits of associates	585	544

Movement in the carrying amount of the Group's investment in associates:

	Group 2013 $'000	2012 $'000
Balance at beginning of financial year	18,428	–
New investments	–	18,200
Share of equity accounted investments (before dividends)	585	544
Share of dividends	–	(500)
Disposal of associate	–	184
Balance at end of financial year	19,013	18,428
Goodwill included in the carrying amount of the Group's investment in associates	15,945	15,945
The Group's share of the contingent liabilities of associates	–	–
The Group's share of capital commitments of associates	–	1,736

17. BORROWINGS

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Current				
Bank loans (i)	21,798	10,156	4,000	4,000
Bank loans – securitisation facility (ii)	193,877	–	–	–
Finance lease liabilities (iii)	1,189	534	–	–
Advances from subsidiaries (at call) (iv)	–	–	29,319	29,576
	216,864	10,690	33,319	33,576
Non-current				
Bank loans (i)	151,357	129,684	87,412	107,250
Finance lease liabilities (iii)	3,296	1,064	–	–
	154,653	130,748	87,412	107,250
Total borrowings	371,517	141,438	120,731	140,826

(i) Bank term loans and revolving cash advance facilities of $196.3m, of which $69.5m was unutilised at 30 June 2013, operate under a negative pledge deed provided to ANZ National Bank Limited and Bank of New Zealand Limited by the parent company and its subsidiaries, excluding the Symbion Group entities acquired on 1 June 2013.

Bank loans of $46.3m at 30 June 2013, resulting from the Symbion Group acquisition, are subject to a security over the Symbion Group assets, excluding trade receivables that are security for the securitisation facility referred to below, in favour of the National Australia Bank Limited.

There have been no breaches of the banking covenants.

(ii) The Group, through a subsidiary company, has a trade debtor securitisation facility of $496.7m of which $302.8m was unutilised at 30 June 2013. The securitisation facility involves Symbion Pty Limited providing security over the future cash flows of specific trade receivables of Symbion Pty Limited, 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 Symbion Pty Limited the trade receivables provided as security and the funding provided by the National Australia Bank Limited are recognised on the Group's balance sheet.

Interest is charged on the average monthly balance of the funding provided under the securitisation facility. At 30 June 2013 the value of trade receivables as security under this securitisation facility was $283.8m. The net cash flows associated with the securitisation programme are disclosed in the cash flow statement as cash flows from financing activities.

The Symbion Pharmacy Services Trade Receivables Trust ("SPS Trust"), which is consolidated, was established solely for their purpose of purchasing qualifying trade receivables from Symbion Pty Limited and funding the same from National Australia Bank Limited. The SPS Trust has directly provided funding to Symbion Pty Limited to acquire the rights to the cashflows of the securitised receivables.

(iii) Secured by the assets leased.

(iv) Unsecured.

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

On 5 July 2013 the Group refinanced its term debt, working capital and securitisation facilities that were in place at 30 June 2013. As part of this process the Group also combined its security agreements with its bankers – refer notes 28 and 32.

18. TRADE AND OTHER PAYABLES

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Current				
Trade payables	781,156	258,209	4,344	5,045
Other payables	111,489	17,339	4,828	3,086
	892,645	275,548	9,172	8,131
Non-current				
Other payables	8,489	3,943	–	–
Total trade and other payables	901,134	279,491	9,172	8,131

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19. LEASES

Finance leases

Minimum future lease payments

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

Finance lease liabilities

	Minimum Future Lease Payments				Present Value of Minimum Future Lease Payments			
	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Not later than 1 year	1,504	665	–	–	1,189	534	–	–
Later than 1 year and not later than 5 years	3,590	1,199	–	–	3,296	1,064	–	–
Minimum lease payments*	5,094	1,864	–	–	4,485	1,598	–	–
Less future finance charges	(609)	(266)	–	–	–	–	–	–
Present value of minimum lease payments	4,485	1,598	–	–	4,485	1,598	–	–
Included in the financial statements as:								
Finance leases – current portion					1,189	534	–	–
Finance leases – non current portion					3,296	1,064	–	–
					4,485	1,598	–	–

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

The fair value of the finance lease liabilities is approximately equal to their carrying value.

Operating leases

Leasing arrangements

Operating leases relate to certain property and equipment, with lease terms of between one to fifteen years with options to extend for a further one to fifteen years. All operating lease contracts contain market review clauses in the event that the Company/Group exercises its option to renew. The Company/Group does not have an option to purchase the leased asset at the expiry of the lease period.

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Operating leases				
Non-cancellable operating lease payments				
Not longer than 1 year	23,701	8,680	1,021	1,015
Longer than 1 year and not longer than 5 years	72,114	22,706	2,943	3,096
Longer than 5 years	48,209	11,697	2,520	3,192
	144,024	43,083	6,484	7,303

20. OTHER FINANCIAL LIABILITIES – DERIVATIVES

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
At fair value:				
Foreign currency forward contracts (i)	–	100	–	98
Interest rate swaps (ii)	2,872	430	–	124
	2,872	530	–	222

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

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

21. SHARE CAPITAL

	2013 No '000	2013 $'000	2012 No. '000	2012 $'000
Fully paid ordinary shares				
Balance at beginning of financial year	52,107	107,970	52,107	107,970
Issue of shares to executives and staff under employee share ownership scheme	63	250	–	–
Dividend reinvested				
– October 2012	429	3,445	–	–
– April 2013	357	3,100	–	–
Bonus issue – June 2013	1,999	–	–	–
Institutional placement – June 2013	10,591	90,026	–	–
Share issue costs	–	(3,503)	–	–
	65,546	201,288	52,107	107,970

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the Companies Act in 1993 abolished the authorised capital and par value concept in relation to share capital from 1 July, 1994. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Given the immateriality of the amounts involved, the issue of shares to executives and staff under the employee ownership scheme have not been accounted for pursuant to NZ IFRS-2: *Share Based Payment*. Since the inception of the employee ownership scheme in December 1994, 452,100 (2012: 389,500) shares have been issued raising $971,905 (2012: $721,505).

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22. RESERVES

	Group 2013 $'000	2012 $'000
Foreign currency translation reserve		
Balance at beginning of the year	690	2,473
Translation of foreign operations	(6,365)	(1,783)
Balance at end of the year	(5,675)	690

Exchange differences, principally relating to the translation from Australian dollars, being the functional currency of the Group's foreign controlled entities in Australia, into New Zealand dollars, are brought to account by entries made directly to the foreign currency translation reserve.

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Retained Earnings				
Balance at beginning of the year	100,359	88,824	20,061	11,827
Profit for the year	28,207	27,949	34,860	24,648
Dividends (note 23)	(21,298)	(16,414)	(21,298)	(16,414)
Balance at end of the year	107,268	100,359	33,623	20,061
Cash Flow Hedge Reserve				
Balance at beginning of the year	(418)	(471)	(90)	(338)
Gain recognised on cash flow hedges	2,773	176	1,532	343
Related income tax	(359)	(123)	(250)	(95)
Balance at end of the year	1,996	(418)	1,192	(90)

The hedging reserve represents gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts profit or loss.

23. DIVIDENDS

	2013 Cents per share	Total $'000	2012 Cents per share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
– Final – prior year	20.5	10,682	18.0	9,379
– Taxable bonus issue – current year	–	1,411	–	–
– Interim – current year	17.5	9,205	13.5	7,035
	38.0	21,298	31.5	16,414
Unrecognised amounts				
Final dividend	15.0	21,992	20.5	10,682

A dividend of 15.0 cents per share was declared on 20 August 2013 with the dividend being paid on 22 October 2013. As the dividend reinvestment plan will be in operation for this dividend shareholders may elect to reinvest part or all of their dividends in the Company. The anticipated cash impact of the dividend is $15.0m (2012: $7.323m).

24. ACQUISITION OF SUBSIDIARIES

Name of business acquired	Principal activities	Date of acquisition	Proportion of shares acquired	Cost of acquisition $'000
2013				
ZHHA Pty Limited (Symbion Group)	Healthcare and animal care supplies	June 2013	100%	865,000
				865,000

Assets and liabilities acquired 2013

	Symbion Group $'000	Fair value adjustment $'000	Fair value on acquisition $'000
Current assets			
Cash and cash equivalents	49,263	–	49,263
Trade and other receivables	682,961	–	682,961
Provision for doubtful debts	(15,329)	–	(15,329)
Prepayments	4,067	–	4,067
Inventories	375,709	–	375,709
Other financial assets			
– derivatives	338	–	338
– investment – subordinated notes	59,541	(59,541)[1]	–
Non-current assets			
Property, plant and equipment	96,543	(21,039)[2]	75,504
Deferred tax assets	27,839	–	27,839
Indefinite life intangibles	–	28,871[3]	28,871
Finite life intangibles	27,774	69,522[3]	97,296
Current liabilities			
Trade and other payables	(705,340)	(7,446)[4]	(712,786)
Finance leases	(199)	–	(199)
Bank loans	(249,097)	59,541[1]	(189,556)
Employee benefits	(15,215)	–	(15,215)
Other financial liabilities – derivatives	(2,879)	–	(2,879)
Non-current liabilities			
Bank loans	(33,405)	–	(33,405)
Trade and other payables	(4,460)	–	(4,460)
Finance leases	(3,298)	–	(3,298)
Employee benefits	(4,531)	–	(4,531)
Deferred tax liabilities	(4,914)	(33,012)[5]	(37,926)
Net assets acquired	285,368	36,896	322,264

Goodwill on acquisition	542,736
Consideration	865,000
Less cash and cash equivalents acquired	(49,263)
Deferred purchase consideration	(865,000)
Net cash (inflow) on acquisition	(49,263)

1. To offset investment in subordinated notes against borrowings as a result of a difference in accounting policies, resulting in the actual amount owing to the National Australia Bank being recognised as bank loans.
2. Decrease to the value of plant and equipment by $10.1m and a reduction in land and buildings acquired by $10.9m as a result of an independent valuation performed at acquisition.
3. To recognise customer relationships and brands as a result of independent valuations performed at acquisition.
4. Provision to recognise required maintenance and land duty on property acquired as part of the acquisition.
5. Deferred tax resulting from the above fair value adjustments recognised and also to recognise deferred tax on the intangibles of the Symbion Group which were not previously recognised as a result of a difference in accounting policies.

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24. ACQUISITION OF SUBSIDIARIES CONTINUED

Name of business acquired	Principal activities	Date of acquisition	Proportion of shares acquired	Cost of acquisition $'000
2012				
Masterpet Corporation Ltd (MCL) supplies	Animal care	December 2011	100%	86,800
Beaphar Australia Pty Ltd (BAPL) supplies	Animal care	June 2012	100%	265
				87,065

Assets and liabilities acquired 2012:

	MCL $'000	Fair value adjustment $'000	Fair value on acquisition $'000	BAPL $'000	Fair value adjustment $'000	Fair value on acquisition $'000	Total fair value on acquisition $'000
Current assets							
Cash and cash equivalents	342	–	342	765	–	765	1,107
Trade and other receivables	29,985	–	29,985	850	–	850	30,835
Provision for doubtful debts	(631)	–	(631)	–	–	–	(631)
Prepayments	981	–	981	109	–	109	1,090
Inventories	28,057	–	28,057	1,435	–	1,435	29,492
Other financial assets: derivatives	214	–	214	–	–	–	214
Non-current assets							
Property, plant and equipment	5,587	–	5,587	1,102	–	1,102	6,689
Receivable from jointly controlled entity	1,258	–	1,258	(2,315)	–	(2,315)	(1,057)
Deferred tax assets	946	–	946	–	–	–	946
Indefinite life intangibles	610	6,500*	7,110	–	–	–	7,110
Finite life intangibles	318	–	318	–	–	–	318
Current liabilities							
Bank overdraft	(3,957)	–	(3,957)	–	–	–	(3,957)
Trade and other payables	(12,444)	–	(12,444)	(1,528)	–	(1,528)	(13,972)
Finance leases	(536)	–	(536)	–	–	–	(536)
Bank loans	(224)	–	(224)	–	–	–	(224)
Current tax payable	(2,066)	–	(2,066)	–	–	–	(2,066)
Employee benefits	(2,133)	–	(2,133)	(188)	–	(188)	(2,321)
Other financial liabilities – derivatives	(31)	–	(31)	–	–	–	(31)
Non-current liabilities							
Bank loans	(29,046)	–	(29,046)	–	–	–	(29,046)
Finance leases	(1,054)	–	(1,054)	–	–	–	(1,054)
Employee benefits	(448)	–	(448)	–	–	–	(448)
Deferred tax liabilities	–	(1,820)	(1,820)	–	–	–	(1,820)
Net assets acquired	15,728	4,680	20,408	230	–	230	20,638
Goodwill on acquisition			66,392			277	66,669
Gain on disposal of associate			–			(242)	(242)
Consideration			86,800			265	87,065
Less cash and cash equivalents acquired			(342)			(765)	(1,107)
Plus bank overdraft acquired			3,957			–	3,957
Net cash outflow on acquisition			90,415			(500)	89,915

* As part of the assessment in identifying the assets and liabilities acquired on the acquisition of Masterpet Corporation Limited a $6.5m brand value was identified and recognised at acquisition.

Goodwill arising on acquisition

Goodwill arose in the acquisition of ZHHA Pty Limited (Symbion Group) in 2013 and Masterpet Corporation Limited (Masterpet Group) in 2012 because the cost included a control premium paid. In addition, the consideration paid for the benefit of future expected cashflows above the current fair value of the assets acquired and the expected synergies and future market benefit expected to be obtained. These benefits are not recognised separately from goodwill as the future economic benefits arising from that cannot be reliably measured and they do not meet the definition of identifiable intangible assets.

The Symbion Group and the Masterpet Group were acquired as they share, with EBOS, many of the core competencies required to be successful in a market focused on health professionals, whether that's doctors or veterinarians. The Symbion Group provides the Group with a significant presence in the Australian healthcare sector, which may also provide a beachhead for further growth opportunities in this sector. Masterpet provides the Group with growth opportunities in the NZ and Australian animal care sectors and an ability to spread income streams away from government funding sources, as does the Symbion Group's animal care operation – Lyppard Pty Limited.

Impact of acquisition on the results of the Group

Included in the Group profit for the current year is $4.687m attributable to the Symbion Group (2012: $8.232m Masterpet Group).

Had this business combination been effected at 1 July 2012 the revenue of the Group from continuing operations, inclusive of costs associated with acquisition of subsidiaries, would have been $6,240m (2012: $1,490m) and the Group profit for the period from continuing operations would have been $90.0m (2012: $29.6m).

25. NOTES TO THE CASH FLOW STATEMENT

	Group 2013 $'000	Group 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
(a) Subsidiaries acquired				
Note 24 sets out details of the subsidiaries acquired.				
Details of the acquisitions are as follows:				
Consideration				
Cash and cash equivalents	–	87,065	–	105,000
Deferred purchase consideration	865,000	–	865,000	–
	865,000	87,065	865,000	105,000
Represented by:				
Net assets acquired (Note 24)	322,264	20,638	–	–
Investment in subsidiaries	–	–	865,000	105,000
Goodwill on acquisition	542,736	66,669	–	–
Gain on disposal of associate	–	(242)	–	–
Consideration	865,000	87,065	865,000	105,000
Net cash (inflow)/outflow on acquisition				
Cash and cash equivalents consideration	–	87,065	–	105,000
Less cash and cash equivalents acquired	(49,263)	(1,107)	–	–
Plus bank overdraft acquired	–	3,957	–	–
	(49,263)	89,915	–	105,000

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25. NOTES TO THE CASH FLOW STATEMENT CONTINUED

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
(b) Financing facilities				
Bank overdraft facility, reviewed annually and payable at call:				
Amount used	–	307	–	–
Amount unused	2,186	1,398	1,250	1,250
	2,186	1,705	1,250	1,250
Bank loan facilities with various maturity dates through to 2016 (2012: August 2016):				
Amount used	367,032	139,840	91,412	111,250
Amount unused	371,975	64,383	64,750	64,750
	739,007	204,223	156,162	176,000
(c) Reconciliation of profit for the year with cash flows from operating activities				
Profit for the year	28,207	27,949	34,860	24,648
Add/(less) non-cash items:				
Depreciation	4,922	3,674	552	433
(Gain)/loss on sale of property, plant and equipment	(170)	128	2	47
(Gain) on disposal of associate	–	(242)	–	–
Amortisation of finite life intangible assets	1,514	94	–	–
Share of profits from associates	(585)	(228)	–	–
(Gain) on derivatives/financial instruments	(257)	(33)	(257)	(33)
Deferred tax	12	(1,711)	279	(59)
Provision for doubtful debts	(441)	(97)	–	–
	4,995	1,585	576	388
Movement in working capital:				
Trade and other receivables	(560,276)	(22,818)	(1,456)	1,240
Prepayments	(3,118)	(1,215)	739	(633)
Inventories	(395,353)	(41,190)	(32)	(767)
Current tax refundable/payable	(1,503)	3,876	(389)	(976)
Trade and other payables	621,643	15,770	6,787	(695)
Employee benefits	21,832	4,093	2,802	800
Foreign currency loss on translation of working capital balances	(6,421)	(1,918)	–	–
	(323,196)	(43,402)	8,451	(1,031)
Cash costs classified as investing activities:				
Costs associated with acquisition of subsidiaries	5,993	–	–	–
Working capital items acquired	310,416	41,980	–	–
Net cash inflow from operating activities	26,415	28,112	43,887	24,005

26. EARNINGS PER SHARE CALCULATION

	Group 2013 Cents	2012 Cents
Basic earnings per share (refer Income Statement and Note 21)		
Basic earnings per share	52.9	53.6
	$'000	$'000
Earnings used in the calculation of total basic earnings per share	28,207	27,949
Weighted average number of ordinary shares for the purposes of basic earnings per share	53,361	52,107
Diluted earnings per share (refer Income Statement and Note 21)	Cents	Cents
Diluted earnings per shares	52.9	53.6
	$'000	$'000
Earnings used in the calculation of total diluted earnings per share	28,207	27,949
Weighted average number of ordinary shares for the purposes of diluted earnings per share	53,361	52,107

27. COMMITMENTS FOR EXPENDITURE

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Capital expenditure commitments				
Plant	18,046	–	–	–
Software development	802	–	–	–

28. CONTINGENT LIABILITIES & CONTINGENT ASSETS

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
Contingent liabilities				
Guarantees given to third parties	16,908	10,062	458	600
Guarantees arising from the deed of cross guarantee with other entities in the wholly-owned group	–	–	35,420	28,590

In May 2012 the Company renegotiated its bank facilities and entered into a banking syndication agreement with ANZ National Bank Limited and Bank of New Zealand Limited. Bank term loans and revolving cash advance facilities operate under a negative pledge deed provided to the syndicated banks by the Company and its subsidiaries.

On 1 June 2013 the Group acquired the Symbion Group of companies (refer note 15). From acquisition until 5 July 2013 the Symbion Group debt and securitisation facilities acquired were subject to a security over the Symbion Group assets in favour of the National Australia Bank Limited.

On 5 July 2013, post balance date, all Group debt and securitisation facilities became subject to a new single negative pledge deed to the syndicated banks by the Company and its subsidiaries. The Group's syndicated bankers from 5 July 2013 to the present are ANZ National Bank Limited, Bank of New Zealand Limited and the National Australia Bank Limited.

Previously the Company has entered into a deed of guarantee for certain wholly-owned subsidiaries. The amount disclosed as a contingent liability represents total liabilities of the Group of company's party to that, less the liabilities recognised by the Group. This amount disclosed also represents the maximum credit risk exposure to the Group and Parent.

A subsidiary company (PRNZ Limited) is guarantor for certain loans made to pharmacies by the ANZ National Bank Limited amounting to $5.283m (2012: $7.635m). The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

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28. CONTINGENT LIABILITIES & CONTINGENT ASSETS CONTINUED

A performance bond of up to $1m (2012: $1m) is also held by the bank on behalf of a supplier.

Property lease guarantees of $9.278m (2012: $Nil) are held by the bank on behalf of landlords of the Symbion Group.

All companies acquired as part of the Symbion Group acquisition, refer note 15, are party to a deed of cross guarantee in which each entity guarantees the debts of the others.

29. SEGMENT INFORMATION

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

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

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

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. The corporate segment is the result of a 2013 financial year change in the Group's internal reporting structure. Comparative numbers have been restated.

(b) Segment revenues and results

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

	Group 2013 $'000	2012 $'000
Revenue from external customers		
Healthcare	1,652,450	1,340,633
Animal care	169,521	86,300
Corporate	1,198	1,746
Profit/(loss) before depreciation, amortisation, finance costs and income tax		
Healthcare	49,068	39,571
Animal care	18,670	10,150
Corporate	(9,495)*	(2,865)
Segment expenses		
Healthcare:		
Depreciation	(3,785)	(3,142)
Amortisation of finite life intangibles	(1,194)	–
Income tax expense	(13,146)	(10,294)
Animal care:		
Depreciation	(1,137)	(532)
Amortisation of finite life intangibles	(320)	(94)
Income tax expense	(4,588)	(616)
Corporate:		
Finance costs	(9,593)	(6,987)
Income tax credit	3,727	2,758
Profit/(loss) for the year		
Healthcare	30,943	26,135
Animal care	12,625	8,908
Corporate	(15,361)*	(7,094)

* Includes costs associated with the acquisition of subsidiaries of $5.993m.

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

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

(d) Revenues from major products and services

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

(e) Geographical information

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

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

	Group 2013 $'000	2012 $'000
Continuing and discontinued operations		
Revenue from external customers		
New Zealand	1,257,302	1,252,123
Australia	565,867	176,556
	1,823,169	1,428,679
Non-current assets		
New Zealand	206,945	210,465
Australia	765,616	24,941
	972,561	235,406

(f) Information about major customers

No revenues from transactions with a single customer amount to 10% or more of the Group's revenues (2012: Nil).

30. RELATED PARTY DISCLOSURES

(a) Parent Entities

The Parent entity in the Group is EBOS Group Limited.

(b) Equity interests in Related Parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 15 to the financial statements.

(c) Transactions with Related Parties

Transactions involving the parent entity

Amounts receivable from and payable to related parties at balance date are:

	2013 $'000	2012 $'000
PRNZ Limited	–	3,570
EBOS Group Pty Limited	4,073	1,925
EBOS Shelf Company New Zealand Limited	(29,319)	(29,576)
Healthcare Distributors Limited	348	348
EBOS Health and Science Pty Limited	1,364	1,087
Masterpet Corporation Limited	28,683	19,836
Zuellig Group Incorporated	(865,000)	–
	(859,851)	(2,810)

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30. RELATED PARTY DISCLOSURES CONTINUED

At 30 June 2013 ZHHA Pty Limited owed CB Norwood Pty Limited, a subsidiary of the Zuellig Group, $7.230m and Zuellig Group Incorporated $1.856m.

During the financial year, EBOS Group Limited received dividends of $39.623m (2012: $22.677m) from its subsidiaries.

During the financial year, EBOS Group Limited provided accounting and administration services to its subsidiaries for a consideration of $0.44m (2012: $0.44m) and charged royalties for the use of intellectual property, brand names and patents totalling $3.208m (2012: $4.7m).

During the financial year, EBOS Group Limited rented warehouse space and contracted labour from its subsidiaries for a total cost of $Nil (2012: $90,000).

Terms/price under which related party transactions were entered into

All loans advanced to and payable by subsidiaries are unsecured, subordinate to other liabilities and are at call. Interest rates determined by the Directors were 0% – 5% (2012: 0% – 5%). During the financial year, EBOS Group Limited received interest of $1.155m (2012: $0.128m) from loans to subsidiaries, and paid interest of $Nil (2012: $0.606m) to subsidiaries.

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date (2012: Nil).

Guarantees provided or received

As detailed in note 28, EBOS Group Limited has entered into a deed of cross guarantee with certain wholly-owned subsidiaries.

(d) Key Management Personnel Remuneration

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

31. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Group's corporate treasury function provides services to the Groups entities, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operation of the Group.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed on a regular basis.

(b) Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on imports of product; and
- interest rate swaps to mitigate the risk of rising interest rates.

(c) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Forward foreign exchange contracts

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

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

	Group							
	Average exchange rate		Foreign currency		Contract value		Fair value	
Outstanding Contracts	2013	2012	2013 FC'000	2012 FC'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Buy Australian Dollars								
Less than 3 months	0.821	0.779	1,214	1,131	1,478	1,452	(46)	(12)
3 to 6 months	0.823	–	525	–	638	–	(19)	–
6 to 9 months	0.837	–	525	–	627	–	(8)	–
Buy Euro								
Less than 3 months	0.632	0.618	1,496	1,604	2,368	2,597	150	(48)
3 to 6 months	0.638	0.620	4,020	900	6,301	1,453	523	(13)
6 to 9 months	0.631	0.626	1,410	300	2,233	479	176	3
9 to 12 months	0.624	–	2,349	–	3,763	–	287	–
Buy Pounds								
Less than 3 months	0.557	0.490	450	510	808	1,042	77	(35)
Buy US Dollars								
Less than 3 months	0.824	0.797	2,356	4,043	2,860	5,073	188	40
3 to 6 months	0.856	0.807	3,657	1,500	4,270	1,859	474	44
6 to 9 months	0.833	0.825	800	500	960	606	87	30
Sell Australian Dollars								
Less than 3 months	0.839	–	105,000	–	125,147	–	885	–
					151,453	14,561	2,774	9

	Parent							
	Average exchange rate		Foreign currency		Contract value		Fair value	
	2013	2012	2013 FC'000	2012 FC'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Buy Australian Dollars								
Less than 3 months	0.832	0.777	600	800	721	1,030	(14)	(11)
Buy Euro								
Less than 3 months	0.631	0.607	250	300	396	494	25	(18)
Buy Pounds								
Less than 3 months	0.557	0.489	450	510	808	1,042	77	(35)
Buy US Dollars								
Less than 3 months	0.827	0.773	850	1,100	1,028	1,423	72	(34)
Sell Australian Dollars								
Less than 3 months	0.839	–	105,000	–	125,147	–	885	–
					128,100	3,989	1,045	(98)

The fair value of forward foreign exchange contracts outstanding are recognised as other financial assets/liabilities. Hedge accounting is applied for certain forward foreign exchange contracts. Typically these contracts that have hedge accounting applied are for periods greater than 3 months.

31. FINANCIAL INSTRUMENTS CONTINUED

(d) Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swap contracts.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date.

	Group					
	Average contracted fixed interest rate		Notional principal amount		Fair value	
Outstanding Contracts	2013 %	2012 %	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Outstanding variable rate for fixed contracts						
Less than 1 year	5.17	5.13	90,877	2,500	(2,168)	(16)
1 to 3 years	4.68	4.03	22,424	5,102	(555)	(82)
3 to 5 years	3.24	3.28	70,482	74,082	621	(332)
			183,783	81,684	(2,102)	(430)

	Parent					
	Average contracted fixed interest rate		Notional principal amount		Fair value	
Outstanding Contracts	2013 %	2012 %	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Outstanding floating for fixed contracts						
3 to 5 years	3.16	3.16	57,500	57,500	771	(124)
			57,500	57,500	771	(124)

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

(e) Liquidity

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve banking facilities by continuously monitoring forecast and actual cashflows and matching maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial assets and financial liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial assets and liabilities. The table includes both interest and principal cash flows.

	Maturity Dates								
Group – 2013	Weighted average effective interest rate %	On Demand $'000	Less than 1 year $'000	1–2 Years $'000	2–3 Years $'000	3–4 Years $'000	4–5 Years $'000	5+ Years $'000	Total $'000
Financial assets:									
Cash and cash equivalents	2.5	198,014	–	–	–	–	–	–	198,014
Trade and other receivables	–	736,429	–	–	–	–	–	–	736,429
Other financial assets – derivatives	–	–	3,546	–	–	–	–	–	3,546
		934,443	3,546	–	–	–	–	–	937,989
Financial liabilities:									
Trade and other payables	–	892,124	521	5,255	521	521	521	4,167	903,630
Finance leases	8.6	–	1,504	2,841	749	–	–	–	5,094
Bank loans	4.6	–	232,078	79,859	18,068	61,436	–	–	391,441
Other financial liabilities – derivatives	–	–	2,872	–	–	–	–	–	2,872
		892,124	236,975	87,955	19,338	61,957	521	4,167	1,303,037

	Maturity Dates								
Group – 2012	Weighted average effective interest rate %	On Demand $'000	Less than 1 year $'000	1–2 Years $'000	2–3 Years $'000	3–4 Years $'000	4–5 Years $'000	5+ Years $'000	Total $'000
Financial assets:									
Cash and cash equivalents	2.5	52,646	–	–	–	–	–	–	52,646
Trade and other receivables	–	175,712	–	–	–	–	–	–	175,712
Other financial assets – derivatives	–	–	109	–	–	–	–	–	109
		228,358	109	–	–	–	–	–	228,467
Financial liabilities:									
Bank overdraft	5.4	307	–	–	–	–	–	–	307
Trade and other payables	–	275,027	521	521	521	521	521	4,687	282,319
Finance leases	8.6	–	665	495	704	–	–	–	1,864
Bank loans	4.6	–	15,676	9,931	61,307	7,080	65,315	–	159,309
Other financial liabilities – derivatives	–	–	530	–	–	–	–	–	530
		275,334	17,392	10,947	62,532	7,601	65,836	4,687	444,329

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31. FINANCIAL INSTRUMENTS CONTINUED

			Maturity Dates						
Parent – 2013	Weighted average effective interest rate %	On Demand $'000	Less than 1 year $'000	1–2 Years $'000	2–3 Years $'000	3–4 Years $'000	4–5 Years $'000	5+ Years $'000	Total $'000
Financial assets:									
Cash and cash equivalents	2.5	89,305	–	–	–	–	–	–	89,305
Trade and other receivables	–	10,399	–	–	–	–	–	–	10,399
Other financial assets – derivatives	–	–	1,816	–	–	–	–	–	1,816
Advances to subsidiaries	3.8	–	35,769	–	–	–	–	–	35,769
		99,704	37,585	–	–	–	–	–	137,289
Financial liabilities:									
Trade and other payables	–	9,172	–	–	–	–	–	–	9,172
Bank loans	4.5	–	8,045	58,155	5,316	27,155	–	–	98,671
Advances from subsidiaries	–	–	29,319	–	–	–	–	–	29,319
		9,172	37,364	58,155	5,316	27,155	–	–	137,162

			Maturity Dates						
Parent – 2012	Weighted average effective interest rate %	On Demand $'000	Less than 1 year $'000	1–2 Years $'000	2–3 Years $'000	3–4 Years $'000	4–5 Years $'000	5+ Years $'000	Total $'000
Financial assets:									
Cash and cash equivalents	2.5	7,413	–	–	–	–	–	–	7,413
Trade and other receivables	–	8,943	–	–	–	–	–	–	8,943
Advances to subsidiaries	5.0	–	28,104	–	–	–	–	–	28,104
		16,356	28,104	–	–	–	–	–	44,460
Financial liabilities:									
Trade and other payables	–	8,131	–	–	–	–	–	–	8,131
Bank loans	4.5	–	23,045	8,027	59,481	5,265	26,855	–	122,673
Other financial liabilities – derivatives	–	–	222	–	–	–	–	–	222
Advances from subsidiaries	–	–	29,576	–	–	–	–	–	29,576
		8,131	52,843	8,027	59,481	5,265	26,855	–	160,602

As disclosed in note 32 the $865m deferred consideration payable owing to the Zuellig Group was settled on 5 July 2013. No interest was payable on this balance.

As at 30 June 2013 the Group maintains the following lines of credit:

- $2.2m (2012: $1.7m) overdraft facilities and term loan/revolving credit facilities of $123m maturing in August 2014 and of $119m maturing in 2016 (2012: $124m maturing in August 2014 and $80m maturing in 2016).
- Interest is payable at a base rate plus specified margin.
- A subsidiary of the Group, Symbion Pty Limited, has a trade debtor securitisation facility of $496.7m maturing in September 2015.

(f) Sensitivity Analysis

(i) Interest Rate Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance date. The analysis is prepared assuming the amount of the financial instrument outstanding at the balance sheet date was outstanding for the whole year.

The impact to Profit for the Year and Total Equity as a result of a 100 basis point movement in interest rates is as follows:

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
+ 100 basis point shift up in yield curve				
Impact on Profit	–	–	–	–
Impact on Total Equity	3,142	2,939	1,626	2,144
– 100 basis point shift down in yield curve				
Impact on Profit	–	–	–	–
Impact on Total Equity	(3,249)	(3,083)	(1,692)	(2,251)

(ii) Foreign Currency Sensitivity Analysis

The following table details the Group's sensitivity to a 10% increase or decrease on foreign currency contracts against the Group's functional currency (New Zealand dollars). The sensitivity analysis includes any outstanding foreign currency contracts and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and equity where the functional currency weakens 10% against the relevant currency.

	Group 2013 $'000	2012 $'000	Parent 2013 $'000	2012 $'000
+ 10% shift in NZD rate				
Impact on Profit for the Year	(283)	(353)	(283)	(353)
Impact on Total Equity	8,733	(1,323)	11,010	(353)
– 10% shift in NZD rate				
Impact on Profit for the Year	346	432	346	432
Impact on Total Equity	(10,668)	1,619	(13,457)	432

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

The significant increase in the outcome of the current year sensitivity analysis is in relation to A$105m in foreign currency contracts in place at 30 June 2013 for the acquisition of the Symbion Group which was settled on 5 July 2013.

(g) Credit Risk Management

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of the trade receivables.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit risk associated with guarantees provided by the Group and Parent are disclosed in note 28.

The Group does not have any significant credit risk exposure to any single counter party or any Group of counter parties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies.

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31. FINANCIAL INSTRUMENTS CONTINUED

(h) Fair value of financial instruments

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

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

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

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

(i) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(j) Capital Risk Management

The Group manages its capital to ensure that each entity within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity. The Group's overall strategy remains unchanged from 2012.

32. EVENTS AFTER BALANCE DATE

On 4 July 2013 EBOS Group Limited received a net $140m in proceeds from a non re-nounceable rights issue to existing shareholders.

On 5 July 2013, in accordance with the sale and purchase agreement to purchase the Symbion Group, the full deferred consideration payable balance of $865m was settled in favour of the previous owners of the Symbion Group, the Zuellig Group. This consideration was made through an issue of EBOS Group Limited shares to the Zuellig Group of $498m and cash consideration of $367m. The cash consideration paid was funded by additional debt funding of $134m and cash reserves.

The net effect of these transactions post balance date on the consolidated Balance Sheet of EBOS Group Limited were:

Share capital increased	$638m
Bank debt increased	$134m
Cash and cash equivalents decreased	$93m
Settlement payable decreased	$865m

As a result of this transaction the Zuellig Group holds 40% of the shares in EBOS Group Limited. Also on the 5 July 2013 two new Directors, Peter Williams and Stuart McGregor, were appointed to the Board of EBOS Group Limited and represent the Zuellig Group.

As disclosed in notes 17 and 28 on 5 July 2013 the Group refinanced its syndicated banking facilities.

This refinancing replaced the Group's syndicated term debt and working capital facilities that were in place at the time of the acquisition of the Symbion Group along with the term debt, working capital and securitisation facilities that were acquired as part of the Symbion Group acquisition on 1 June 2013.

These new syndicated facilities in place from 5 July 2013 are summarised below and are subject to a new negative pledge deed over the Group's assets in favour of the Group's syndicated bankers. These new facilities are based on financial terms similar to those of the previous facilities in place.

Facility	Amount (NZD)	Maturity
Term debt facilities	$100.8m	July 2015
Term debt facilities	$100.8m	July 2016
Term debt facilities	$106.9m	July 2017
Working capital facilities	$93.1m	July 2015
Securitisation facility	$495.7m	September 2015

The effect of this refinancing was to retain the facility head room that was in place at 30 June 2013 in addition to funding the settlement of the acquisition of the Symbion Group on 5 July 2013. This refinancing also extended the maturity profile of the Group's borrowing facilities. The Group is committed to repayments of its term debt facilities of approximately $20m per year with quarterly repayment terms.

Subsequent to year end the Board have approved a final dividend to shareholders. For further details please refer to note 23.

	Fully paid shares	Percentage of paid capital
Twenty Largest Shareholders		
Sybos Holdings Pte Limited	53,459,397	36.46%
Tea Custodians Limited – NZCSD <TEAC40>	7,742,615	5.28%
Whyte Adder No 3 Limited	6,793,634	4.63%
Accident Compensation Corporation – NZCSD <ACCI40>	4,764,464	3.25%
Sybos Holdings Pte Limited <EBOS Lien Account>	4,667,445	3.18%
Custodial Services Limited <A/C3>	3,259,281	2.22%
New Zealand Superannuation Fund Nominees Limited – NZCSD <SUPR40>	2,697,903	1.84%
Forsyth Barr Custodians Limited <1-33>	2,580,734	1.76%
HSBC Nominees (New Zealand) Limited – NZCSD <HKBN90>	2,486,223	1.70%
BNP Paribas Nominees (NZ) Limited – NZCSD <COGN40>	2,048,025	1.40%
Herpa Properties Limited	1,286,747	0.88%
Custodial Services Limited <A/C2>	1,180,013	0.81%
JP Morgan Chase Bank NA – NZCSD <CHAM24>	1,121,511	0.77%
HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD <HKBN45>	1,071,715	0.73%
Custodial Services Limited <A/C 18>	1,064,392	0.73%
National Nominees New Zealand Limited – NZCSD <NNLZ90>	985,744	0.67%
Forsyth Barr Custodians Limited <1-17.5>	979,662	0.67%
FNZ Custodians Limited	959,564	0.65%
Citibank Nominees (New Zealand) Limited – NZCSD <CNOM90>	923,068	0.63%
Custodial Services Limited <A/C 4>	832,630	0.57%
	100,904,767	68.83%

Substantial Security Holders

As at 31 July 2013 the following persons are deemed to be substantial security holders in accordance with Section 26 of the Securities Amendment Act 1988.

	Fully paid shares	Percentage of paid capital
Sybos Holdings Pte Limited	58,126,842	39.64%
Whyte Adder No 3 Limited & Herpa Properties Limited	8,080,381	5.51%
	66,207,223	45.15%

Distribution of Shareholders and Shareholdings	Holders	Fully paid shares	Percentage of paid capital
Size of Holding			
1 to 999	1,452	615,201	0.42%
1,000 to 4,999	2,908	7,274,275	4.96%
5,000 to 9,999	1,015	7,088,892	4.84%
10,000 to 49,999	781	14,642,800	9.99%
50,000 to 99,999	59	3,807,855	2.60%
100,000 to 499,999	31	5,600,044	3.82%
500,000 to 999,999	15	11,361,108	7.75%
1,000,000 and over	15	96,224,099	65.62%
Total	6,276	146,614,274	100.00%
Registered Address of Shareholders			
New Zealand	5,991	85,065,255	58.02%
Overseas	285	61,549,019	41.98%
Total	6,276	146,614,274	100.00%

Waiver from the New Zealand Stock Exchange

A summary of all waivers granted by NZX and relied upon in the 12 month period preceding the date 2 months before the date of this annual report is published and will remain on the EBOS website www.ebos.co.nz for a period of 12 months.

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DIRECTORS

Rick Christie	Independent Chairman
Mark Waller	Chief Executive and Managing Director
Elizabeth Coutts	Independent Director
Peter Kraus	
Stuart McGregor	
Sarah Ottrey	Independent Director
Barry Wallace	
Peter Williams	

SENIOR EXECUTIVES

Mark Waller	Chief Executive
Michael Broome	Group General Manager – Healthcare Logistics/ProPharma
Angus Cooper	General Manager – Group Projects/Mergers & Acquisitions
Patrick Davies	Chief Executive – Symbion Group
Dennis Doherty	Chief Financial Officer
Sean Duggan	Chief Executive – Masterpet Group
Kelvin Hyland	General Manager – EBOS Healthcare New Zealand
David Lewis	General Manager – EBOS Healthcare Australia
Greg Managh	Group General Manager – Onelink/MIS

Managing Your Shareholding Online:
To change your address, update your payment instructions and to view your investment portfolio including transactions, please visit:
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General enquiries can be directed to:
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