

**EBOS GROUP LIMITED**  
**Appendix 4D**  
**Interim Report for the Half Year Ended 31 December 2017**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

The following information is presented in accordance with ASX listing rule 4.2A.3 and should be read in conjunction with the attached unaudited EBOS Group Limited interim report for the six months ended 31 December 2017.

**1. Details of the reporting period and the previous corresponding period**

Current period - the half year ended 31 December 2017  
 Previous corresponding period - the half year ended 31 December 2016

This report and the attached condensed consolidated interim unaudited financial statements are presented in New Zealand dollars, being the Group's presentation currency.

**2. Group financial results – Half year summary**

<b>Group results (NZD\$000's)</b>	<b>31 December 2017 NZD\$000 (Unaudited)</b>	<b>31 December 2016 NZD\$000 (Unaudited)</b>	<b>Change % (actual FX rates)</b>	<b>Change % (constant FX rates)</b>
Revenue	3,942,661	3,960,204	(0.4%)	(3.8%)
EBITDA	138,517	119,868	15.6%	11.7%
Depreciation and amortisation	17,276	12,334	40.1%	35.0%
Earnings before interest and tax (EBIT)	121,241	107,534	12.7%	9.0%
Net profit after tax (NPAT)	77,450	69,269	11.8%	8.2%
Net Profit after tax (NPAT) attributable to the owners of the Company	76,670	68,785	11.5%	7.8%
Basic EPS – (cps)	50.4	45.4	11.0%	7.4%
Net tangible asset backing per ordinary share – (\$)	(\$0.42)	\$0.40		
Underlying Net profit after tax (NPAT) attributable to the owners of the Company  (refer reconciliation below)	76,670	70,237	9.1%	5.5%

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security to 30% tax rate</b>
Interim dividend	33.0c	100%
Interim dividend – previous corresponding period	30.0c	100%
<u>Key dates for the 2018 Interim Dividend:</u>		
Ex-dividend date:	15 March 2018	
Record date:	16 March 2018 (5:00pm NZ Time)	
Dividend payment date:	6 April 2018	
<u>Other comments:</u>		
The interim dividend will be imputed to 25% for New Zealand resident shareholders, and a supplementary dividend paid to eligible non-resident shareholders.		

<b>Reconciliation of Reported vs Underlying Earnings</b>				
	<b>31 December 2017 NZD\$000 (Unaudited)</b>	<b>31 December 2016 NZD\$000 (Unaudited)</b>	<b>Change % (actual FX rates)</b>	<b>Change % (constant FX rates)</b>
<b>Reported EBITDA</b>	<b>138,517</b>	<b>119,868</b>	<b>15.6%</b>	<b>11.7%</b>
Add transaction costs incurred on the Terry White Chemmart merger	-	2,389		
<b>Underlying EBITDA</b>	<b>138,517</b>	<b>122,257</b>	<b>13.3%</b>	<b>9.5%</b>

<b>Net Profit after tax (NPAT) attributable to the owners of the Company</b>	<b>76,670</b>	<b>68,785</b>	<b>11.5%</b>	<b>7.8%</b>
Add transaction costs incurred on the Terry White Chemmart merger (after non-controlling interests)	-	1,452		
<b>Underlying Net Profit after tax (NPAT) attributable to the owners of the Company</b>	<b>76,670</b>	<b>70,237</b>	<b>9.1%</b>	<b>5.5%</b>

Underlying EBITDA and Underlying Net Profit after tax attributable to the owners of the Company are both non-GAAP measures which adjust for the effects of non-recurring items.

For supplementary comments on the Group's financial results refer to the Results Presentation and Media Release issued 21 February 2018.

### **3. Entities acquired**

There were no acquisitions (or gain of control) or disposals (or loss of control) over any entities during the half year ended 31 December 2017.

**4. Dividends paid and declared**

	<b>Amount Per Share (cents)</b>	<b>Total Amount (\$)</b>	<b>Date Paid/ (Payable)</b>
<b>Dividends paid attributable to the year ended 30 June 2017</b>			
2017 interim dividend	30.0 cents	\$45,574,000	7 April 2017
2017 final dividend	33.0 cents	\$50,338,000	13 October 2017
<b>Dividends declared in respect of the year ending 30 June 2018</b>			
2018 interim dividend	33.0 cents	\$50,338,000	6 April 2018

**5. Dividend Reinvestment Plan**

The dividend reinvestment plan will not operate for this interim dividend.

**6. Associates and Joint Ventures**

The Group equity accounted the following associate entities at 31 December 2017:

Name of business	Proportion of shares and voting rights
Animates NZ Holdings Limited	50%
Good Price Pharmacy Management Pty Limited	25.8%
Good Price Pharmacy Franchise Pty Limited	25.8%

Income from the individual Associates has not been separately disclosed as it is considered immaterial. Total Income from Investments in Associates for the half year ended 31 December 2017 was \$2,088,000 (2017: \$1,948,000).

**7. Foreign Entities**

The condensed consolidated interim unaudited financial statements are presented in New Zealand dollars and comply with International Financial Reporting Standards ("IFRS").

**8. Independent Audit Review**

The condensed consolidated interim financial statements have been reviewed by an independent Auditor, and the Auditor has given an unmodified review opinion.

**EBOS GROUP LIMITED**

**INTERIM REPORT  
FOR THE SIX MONTHS ENDED  
31 DECEMBER 2017**

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**EBOS GROUP LIMITED**  
**INTERIM REPORT 2018**  
**SUMMARY OF CONSOLIDATED FINANCIAL HIGHLIGHTS**

	Six months 31 Dec 17 \$'000 (Unaudited)	Six months 31 Dec 16 \$'000 (Unaudited)	Year ended 30 Jun 17 \$'000 (Audited)
Revenue	3,942,661	3,960,204	7,625,854
Earnings before net finance costs, tax expense, depreciation and amortisation (EBITDA)	138,517	119,868	234,427
Earnings before interest and tax expense (EBIT)	121,241	107,534	208,593
Profit before income tax expense	110,506	98,602	189,568
Profit for the period	77,450	69,269	132,846
Profit for the period attributable to owners of the Company	76,670	68,785	133,279
Equity attributable to owners of the Company	1,171,354	1,108,190	1,132,070
Earnings per share	50.4c	45.4c	87.8c
Interim dividend per share	33.0c	30.0c	30.0c
Net interest bearing debt to net interest bearing debt plus equity	27.3%	20.3%	27.4%

**SHAREHOLDER CALENDAR**

Release of 2018 half year results	21 February 2018
Interim dividend record date	16 March 2018
Interim dividend payable	6 April 2018
Release of 2018 full year results	23 August 2018
Annual General Meeting	16 October 2018

## INDEPENDENT REVIEW REPORT TO THE SHAREHOLDERS OF EBOS GROUP LIMITED

We have reviewed the condensed consolidated interim financial statements of EBOS Group Limited and its subsidiaries ('the Group') which comprise the condensed consolidated balance sheet as at 31 December 2017, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 3 to 15.

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

### **Board of Directors' Responsibilities**

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

### **Our Responsibilities**

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

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

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

Other than in our capacity as auditor and the provision of advisory services we have no relationship with or interests in EBOS Group Limited or its subsidiaries.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2017 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

*Deloitte Limited*

### **Chartered Accountants**

20 February 2018  
Christchurch, New Zealand

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

For the six months ended 31 December 2017

	Notes	Six months 31 Dec 17 \$'000 (Unaudited)	Six months 31 Dec 16 \$'000 (Unaudited)	Year ended 30 Jun 17 \$'000 (Audited)
<b>Revenue</b>	2(a)	3,942,661	3,960,204	7,625,854
<b>Income from associates</b>		2,088	1,948	4,062
<b>Profit before depreciation, amortisation, net finance costs and income tax expense</b>		138,517	119,868	234,427
Depreciation	2(b)	(8,906)	(6,519)	(13,616)
Amortisation of finite life intangibles	2(b)	(8,370)	(5,815)	(12,218)
<b>Profit before net finance costs and income tax expense</b>		121,241	107,534	208,593
Finance income		986	1,219	2,079
Finance costs		(11,721)	(10,151)	(21,104)
<b>Profit before income tax expense</b>		110,506	98,602	189,568
Income tax expense		(33,056)	(29,333)	(56,722)
<b>Profit for the period</b>		77,450	69,269	132,846
Profit for the period attributable to:				
Owners of the Company		76,670	68,785	133,279
Non-controlling interests		780	484	(433)
		77,450	69,269	132,846
<b>Earnings per share</b>				
Basic (cents per share)		50.4	45.4	87.8
Diluted (cents per share)		50.4	45.4	87.8



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

For the six months ended 31 December 2017

	Six months 31 Dec 17 \$'000 (Unaudited)	Six months 31 Dec 16 \$'000 (Unaudited)	Year ended 30 Jun 17 \$'000 (Audited)
<b>Profit for the period</b>	77,450	69,269	132,846
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge gains	968	5,074	5,675
Related income tax	(276)	(1,470)	(1,653)
Net fair value movement on available-for-sale financial assets	(1,769)	-	-
Translation of foreign operations	13,669	(2,270)	1,947
<b>Total comprehensive income net of tax</b>	<b>90,042</b>	<b>70,603</b>	<b>138,815</b>
Total comprehensive income for the period is attributable to:			
Owners of the Company	89,262	70,119	139,248
Non-controlling interests	780	484	(433)
	<b>90,042</b>	<b>70,603</b>	<b>138,815</b>

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

For the six months ended 31 December 2017

	Notes	Share capital \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Cash flow hedge reserve \$'000	Available-for-sale revaluation reserve \$'000	Non-controlling interests \$'000	Total \$'000
<b>Six months ended</b>									
<b>31 December 2016 (unaudited):</b>									
Opening balance		888,513	-	(36,761)	239,578	(4,053)	-	-	1,087,277
Profit for the period		-	-	-	68,785	-	-	484	69,269
Other comprehensive income for the period, net of tax		-	-	(2,270)	-	3,604	-	-	1,334
Payment of dividends	4	-	-	-	(49,371)	-	-	-	(49,371)
Arising on acquisition of subsidiaries		-	-	-	-	-	-	20,303	20,303
Share based payments		-	165	-	-	-	-	-	165
Effect of exchange rate fluctuations		-	-	-	-	-	-	(412)	(412)
<b>Balance at 31 December 2016</b>		<b>888,513</b>	<b>165</b>	<b>(39,031)</b>	<b>258,992</b>	<b>(449)</b>	<b>-</b>	<b>20,375</b>	<b>1,128,565</b>
<b>Year ended</b>									
<b>30 June 2017 (audited):</b>									
Opening balance		888,513	-	(36,761)	239,578	(4,053)	-	-	1,087,277
Profit for the year		-	-	-	133,279	-	-	(433)	132,846
Other comprehensive income for the year, net of tax		-	-	1,947	-	4,022	-	-	5,969
Payment of dividends	4	-	-	-	(94,945)	-	-	-	(94,945)
Arising on acquisition of subsidiaries		-	-	-	-	-	-	20,936	20,936
Share based payments		-	490	-	-	-	-	-	490
Effect of exchange rate fluctuations		-	-	-	-	-	-	(175)	(175)
<b>Balance at 30 June 2017</b>		<b>888,513</b>	<b>490</b>	<b>(34,814)</b>	<b>277,912</b>	<b>(31)</b>	<b>-</b>	<b>20,328</b>	<b>1,152,398</b>

**EBOS GROUP LIMITED**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)**

For the six months ended 31 December 2017

	Notes	Share capital \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Cash flow hedge reserve \$'000	Available-for-sale revaluation reserve \$'000	Non-controlling interests \$'000	Total \$'000
<b>Six months ended</b>									
<b>31 December 2017 (unaudited):</b>									
Opening balance		888,513	490	(34,814)	277,912	(31)	-	20,328	1,152,398
Profit for the period		-	-	-	76,670	-	-	780	77,450
Other comprehensive income for the period, net of tax		-	-	13,669	-	692	(1,769)	-	12,592
Payment of dividends	4	-	-	-	(50,338)	-	-	-	(50,338)
Share based payments		-	360	-	-	-	-	-	360
Effect of exchange rate fluctuations		-	-	-	-	-	-	931	931
<b>Balance at 31 December 2017</b>		<b>888,513</b>	<b>850</b>	<b>(21,145)</b>	<b>304,244</b>	<b>661</b>	<b>(1,769)</b>	<b>22,039</b>	<b>1,193,393</b>

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

As at 31 December 2017

	Notes	31 Dec 17 \$'000 (Unaudited)	31 Dec 16 \$'000 (Unaudited)	30 Jun 17 \$'000 (Audited)
<b>Current assets</b>				
Cash and cash equivalents		142,847	175,679	162,181
Trade and other receivables		1,053,601	1,134,832	1,041,849
Prepayments		9,435	9,093	7,834
Inventories		621,314	596,174	572,001
Current tax refundable		3,965	83	168
Other financial assets – derivatives	8	253	576	19
<b>Total current assets</b>		<b>1,831,415</b>	<b>1,916,437</b>	<b>1,784,052</b>
<b>Non-current assets</b>				
Property, plant and equipment		120,324	106,914	115,876
Capital work in progress		45,225	8,303	22,923
Prepayments		4	209	9
Deferred tax assets		48,097	43,730	49,263
Goodwill		1,008,595	859,858	1,000,050
Indefinite life intangibles		129,245	107,316	115,940
Finite life intangibles		71,555	56,263	80,084
Investment in associates		38,209	34,480	36,455
Other financial assets		10,643	-	922
<b>Total non-current assets</b>		<b>1,471,897</b>	<b>1,217,073</b>	<b>1,421,522</b>
<b>Total assets</b>		<b>3,303,312</b>	<b>3,133,510</b>	<b>3,205,574</b>
<b>Current liabilities</b>				
Trade and other payables		1,384,159	1,424,184	1,327,757
Finance leases		25	118	72
Bank loans	7	229,321	188,866	155,857
Current tax payable		21,260	12,862	14,209
Employee benefits		40,001	34,134	40,971
Other financial liabilities – derivatives	8	2,262	4,154	2,995
<b>Total current liabilities</b>		<b>1,677,028</b>	<b>1,664,318</b>	<b>1,541,861</b>
<b>Non-current liabilities</b>				
Bank loans	7	360,883	274,778	440,847
Trade and other payables		13,035	14,297	13,837
Deferred tax liabilities		52,588	46,622	50,783
Finance leases		96	-	103
Employee benefits		6,289	4,930	5,745
<b>Total non-current liabilities</b>		<b>432,891</b>	<b>340,627</b>	<b>511,315</b>
<b>Total liabilities</b>		<b>2,109,919</b>	<b>2,004,945</b>	<b>2,053,176</b>
<b>Net assets</b>		<b>1,193,393</b>	<b>1,128,565</b>	<b>1,152,398</b>
<b>Equity</b>				
Share capital	3	888,513	888,513	888,513
Share based payments reserve		850	165	490
Foreign currency translation reserve		(21,145)	(39,031)	(34,814)
Retained earnings		304,244	258,992	277,912
Cash flow hedge reserve		661	(449)	(31)
Available-for-sale revaluation reserve		(1,769)	-	-
<b>Equity attributable to owners of the company</b>		<b>1,171,354</b>	<b>1,108,190</b>	<b>1,132,070</b>
Non-controlling interests		22,039	20,375	20,328
<b>Total equity</b>		<b>1,193,393</b>	<b>1,128,565</b>	<b>1,152,398</b>

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

For the six months ended 31 December 2017

Notes	Six months 31 Dec 17 \$'000 (Unaudited)	Six months 31 Dec 16 \$'000 (Unaudited)	Year ended 30 Jun 17 \$'000 (Audited)
<b>Cash flows from operating activities</b>			
Receipts from customers	4,006,609	4,146,399	7,922,392
Interest received	986	1,219	2,079
Dividends received from associates	703	682	913
Payments to suppliers and employees	(3,864,286)	(4,053,068)	(7,694,957)
Taxes paid	(30,595)	(37,218)	(65,380)
Interest paid	(11,721)	(10,151)	(21,104)
<b>Net cash inflow from operating activities</b>	5 101,696	47,863	143,943
<b>Cash flows from investing activities</b>			
Sale of property, plant & equipment	87	45	150
Purchase of property, plant & equipment	(9,505)	(13,471)	(13,507)
Payments for capital work in progress	(21,505)	(1,852)	(22,923)
Payments for intangible assets	(620)	(670)	(1,164)
Acquisition of subsidiaries	(1,449)	(11,961)	(183,228)
Investment in other financial assets	(11,797)	-	(879)
<b>Net cash (outflow) from investing activities</b>	(44,789)	(27,909)	(221,551)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	-	85,848	224,456
Repayment of borrowings	(32,493)	-	(10,357)
Dividends paid to equity holders of parent	4 (50,338)	(49,371)	(94,945)
<b>Net cash (outflow)/inflow from financing activities</b>	(82,831)	36,477	119,154
Net (decrease)/increase in cash held	(25,924)	56,431	41,546
Effect of exchange rate fluctuations on cash held during the period	6,590	(1,003)	384
Net cash and cash equivalents at beginning of period	162,181	120,251	120,251
<b>Net cash and cash equivalents at end of period</b>	142,847	175,679	162,181

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

For the six months ended 31 December 2017

**1. FINANCIAL STATEMENTS**

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

The same accounting policies and methods of computation are applied in the interim financial statements as were applied in the financial statements for the year ended 30 June 2017. These financial statements should be read in conjunction with the financial statements and related notes included in the Group's Annual Report for the year ended 30 June 2017. The information is presented in thousands of New Zealand dollars unless otherwise stated.

**2. PROFIT FROM OPERATIONS**

	Six months 31 Dec 17 \$'000 (Unaudited)	Six months 31 Dec 16 \$'000 (Unaudited)	Year ended 30 Jun 17 \$'000 (Audited)
<b>(a) Revenue</b>			
Revenue from the sale of goods	3,826,677	3,890,309	7,471,918
Revenue from the rendering of services	115,984	69,895	153,936
	<u>3,942,661</u>	<u>3,960,204</u>	<u>7,625,854</u>
<b>(b) Profit before income tax expense</b>			
Profit before income tax has been arrived at after charging the following expenses by nature:			
Cost of sales	(3,507,129)	(3,593,238)	(6,872,190)
Write-down of inventory	(712)	(2,842)	(8,387)
Impairment on trade & other receivables	(572)	(465)	(2,758)
Depreciation of property, plant & equipment	(8,906)	(6,519)	(13,616)
Amortisation of finite life intangibles	(8,370)	(5,815)	(12,218)
Operating lease rental expenses	(20,896)	(16,038)	(35,125)
Donations	(25)	(17)	(49)
Employee benefit expense	(149,934)	(119,025)	(245,813)
Defined contribution plan expense	(8,152)	(6,448)	(14,653)
Other expenses	(118,827)	(104,213)	(216,017)
Total expenses	<u>(3,823,523)</u>	<u>(3,854,620)</u>	<u>(7,420,826)</u>

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

For the six months ended 31 December 2017

**3. SHARE CAPITAL**

	No. '000	Six months 31 Dec 17 \$'000 (Unaudited)	No. '000	Six months 31 Dec 16 \$'000 (Unaudited)	No. '000	Year ended 30 Jun 17 \$'000 (Audited)
<b>Fully paid ordinary shares</b>						
Balance at beginning of period	151,914	888,513	151,314	888,513	151,314	888,513
Shares issued – September 2016	-	-	600	-	600	-
September 2017	625	-	-	-	-	-
	<u>152,539</u>	<u>888,513</u>	<u>151,914</u>	<u>888,513</u>	<u>151,914</u>	<u>888,513</u>

**4. DIVIDENDS**

	Cents per share	Six months 31 Dec 17 \$'000 (Unaudited)	Cents per share	Six months 31 Dec 16 \$'000 (Unaudited)	Cents per share	Year ended 30 Jun 17 \$'000 (Audited)
<b>Recognised amounts</b>						
Fully paid ordinary shares						
Final – prior year	33.0	50,338	32.5	49,371	32.5	49,371
Interim – current year	-	-	-	-	30.0	45,574
	<u>33.0</u>	<u>50,338</u>	<u>32.5</u>	<u>49,371</u>	<u>62.5</u>	<u>94,945</u>
<b>Unrecognised amounts</b>						
Final dividend	-	-	-	-	33.0	50,132
Interim dividend	33.0	50,338	30.0	45,574	-	-
	<u>33.0</u>	<u>50,338</u>	<u>30.0</u>	<u>45,574</u>	<u>33.0</u>	<u>50,132</u>

The Board approved an interim dividend of 33.0 cents per share on 20 February 2018. The record date for the dividend is 16 March 2018 and the dividend will be paid on 6 April 2018.

For the six months ended 31 December 2017

5. NOTES TO THE CASH FLOW STATEMENT

	Six months 31 Dec 17 \$'000 (Unaudited)	Six months 31 Dec 16 \$'000 (Unaudited)	Year ended 30 Jun 17 \$'000 (Audited)
<b>Reconciliation of profit for the period with cash flows from operating activities</b>			
<b>Profit for the period</b>	77,450	69,269	132,846
Add/(less) non-cash items:			
Depreciation of property, plant and equipment	8,906	6,519	13,616
Amortisation of finite life intangibles	8,370	5,815	12,218
(Gain)/loss on sale of property, plant & equipment	(15)	(2)	497
Income from associates	(2,088)	(1,948)	(4,062)
Expense recognised in respect of share based payments	360	165	490
Deferred tax	(175)	(1,816)	(2,462)
	<u>15,358</u>	<u>8,733</u>	<u>20,297</u>
Movements in working capital:			
Trade and other receivables	(11,752)	185,555	278,538
Prepayments	(1,596)	(834)	626
Inventories	(49,313)	(17,661)	6,512
Current tax refundable/(payable)	3,254	(5,341)	(4,079)
Trade and other payables	55,600	(186,056)	(282,943)
Provision for employee benefits	(426)	(1,215)	6,436
Foreign currency translation of opening working capital balances	13,866	(3,316)	608
	<u>9,633</u>	<u>(28,868)</u>	<u>5,698</u>
Working capital items relating to investing activities	(745)	682	(2,466)
Working capital items acquired on acquisition	-	(1,953)	(12,432)
<b>Net cash inflow from operating activities</b>	<u>101,696</u>	<u>47,863</u>	<u>143,943</u>



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

For the six months ended 31 December 2017

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

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

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

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

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

**(b) Segment revenues and results**

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

	Six months 31 Dec 17 \$'000 (Unaudited)	Six months 31 Dec 16 \$'000 (Unaudited)	Year ended 30 Jun 17 \$'000 (Audited)
<b>Revenue from external customers</b>			
Healthcare	3,734,719	3,744,059	7,202,688
Animal care	207,942	216,145	423,166
	<u>3,942,661</u>	<u>3,960,204</u>	<u>7,625,854</u>
<b>Segment result (EBITDA)</b>			
Healthcare	120,004	106,659	208,782
Animal care	24,342	21,115	44,712
Corporate	(5,829)	(7,906)	(19,067)
	<u>138,517</u>	<u>119,868</u>	<u>234,427</u>
<b>Segment expenses</b>			
Healthcare:			
Depreciation of property, plant and equipment	(8,176)	(5,970)	(12,562)
Amortisation of finite life intangibles	(7,047)	(4,591)	(9,719)
Income tax expense	(31,686)	(28,909)	(53,762)
	<u>(46,909)</u>	<u>(39,470)</u>	<u>(76,043)</u>
Animal care:			
Depreciation of property, plant and equipment	(517)	(549)	(1,054)
Amortisation of finite life intangibles	(1,323)	(1,224)	(2,499)
Income tax expense	(6,296)	(5,317)	(11,206)
	<u>(8,136)</u>	<u>(7,090)</u>	<u>(14,759)</u>
Corporate:			
Depreciation of property, plant and equipment	(213)	-	-
Net finance costs	(10,735)	(8,932)	(19,025)
Income tax credit	4,926	4,893	8,246
	<u>(6,022)</u>	<u>(4,039)</u>	<u>(10,779)</u>
<b>Profit for the period</b>			
Healthcare	73,095	67,189	132,739
Animal care	16,206	14,025	29,953
Corporate	(11,851)	(11,945)	(29,846)
	<u>77,450</u>	<u>69,269</u>	<u>132,846</u>

## EBOS GROUP LIMITED

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

For the six months ended 31 December 2017

#### 6. SEGMENT INFORMATION (Continued)

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

**(c) Segment assets**

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

- Assets
- Liabilities
- Capital expenditure

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

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

**(e) Geographical information**

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

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

	Six months 31 Dec 17 \$'000 (Unaudited)	Six months 31 Dec 16 \$'000 (Unaudited)	Year ended 30 Jun 17 \$'000 (Audited)
<b>Revenue from external customers</b>			
New Zealand	791,880	761,251	1,509,094
Australia	3,150,781	3,198,953	6,116,760
	<u>3,942,661</u>	<u>3,960,204</u>	<u>7,625,854</u>
<b>Non-current assets</b>			
New Zealand	290,560	286,278	286,837
Australia	1,095,031	852,585	1,048,967
	<u>1,385,591</u>	<u>1,138,863</u>	<u>1,335,804</u>

**(f) Information about major customers**

No revenues from transactions with a single customer amount to 10% or more of the Group's revenues (December 2016: Nil, June 2017: Nil).

#### 7. BANK FACILITY AND BORROWINGS

The Group fully complies with and operates within the financial covenants under the arrangements with its bankers. At 31 December 2017 the Group had unutilised term facilities of \$13.3m (December 2016: \$86.3m, June 2017: \$8.7m).

The Group also has a trade debtor securitisation facility of which \$323.3m was unutilised at 31 December 2017 (December 2016: \$255.1m, June 2017: \$292.0m).

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

For the six months ended 31 December 2017

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

As at 31 December 2017, the maturity profile of the Group's term debt and securitisation facilities was:

<u>Facility</u>	<u>Amount</u>	<u>Maturity</u>
Term debt facilities	\$95.4m	Within the next 12 months
Term debt facilities	\$273.4m	1-2 years
Term debt facilities	\$35.9m	2-3 years
Term debt facilities	\$55.0m	3-4 years
Securitisation facility	\$467.2m	Within the next 12 months

**8. FINANCIAL INSTRUMENTS**

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

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

	<b>Six months 31 Dec 17 \$'000 (Unaudited)</b>	<b>Six months 31 Dec 16 \$'000 (Unaudited)</b>	<b>Year ended 30 Jun 17 \$'000 (Audited)</b>
<b>Fair value of derivative financial instruments</b>			
Other financial assets – derivatives:			
Foreign currency forward exchange contracts	219	576	19
Interest rate swaps	34	-	-
	<u>253</u>	<u>576</u>	<u>19</u>
Other financial liabilities – derivatives:			
Foreign currency forward exchange contracts	(192)	(132)	(428)
Interest rate swaps	(2,070)	(4,022)	(2,567)
	<u>(2,262)</u>	<u>(4,154)</u>	<u>(2,995)</u>

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

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

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

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

During the period, on 24 October 2017, the group acquired a 14.1% equity interest in Medadvisor Ltd (ASX:MDR) for \$11.8m. This investment has been classified as an available for sale financial instrument and has been valued using level 1 under the fair value hierarchy, therefore using the listed share price to determine fair value at the reporting date.

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

For the six months ended 31 December 2017

**9. ACQUISITION INFORMATION**

The Group acquired a 100% equity interest in Alchemy Holdings Pty Ltd in June 2017. Due to the timing of the acquisition the acquisition accounting fair value adjustments were identified as being on a provisional basis in the Group's 30 June 2017 financial statements.

During the current period, the acquisition accounting adjustments have been updated to reflect independent valuations performed on the net assets recognised as part of the acquisition. As a result, the following adjustments have been recognised in the current period: an increase in indefinite life intangible assets (\$9.5m), a decrease in finite life intangible assets (\$4.8m) and an increase in deferred tax liabilities (\$2.7m). Consequently the goodwill recognised on the acquisition has decreased by \$2.0m to \$128.3m.

**10. EVENTS AFTER BALANCE DATE**

Subsequent to 31 December 2017, the Board approved an interim dividend to shareholders. For further details please refer to Note 4.

In January 2018, the Group entered into a new three year securitisation facility (A\$400m) which expires in January 2021.

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