Interim Report

EBOS GROUP LIMITED
31 DECEMBER 2015

EBOS
GROUP LIMITED

Strategic investment and a robust performance by our Healthcare and Animal Care businesses are building a platform for continued growth and improved returns for shareholders.

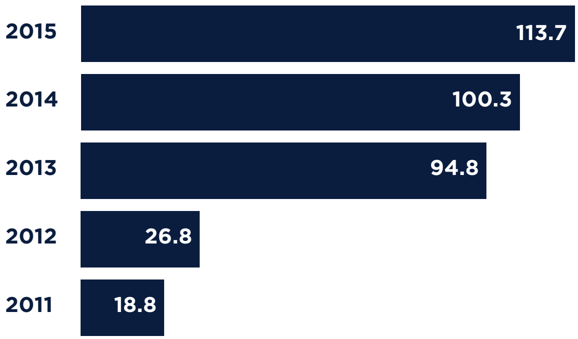
Financial highlights

- $3.4 billion revenue **+8.3% increase**
- $113.7 million EBITDA **+13.3% increase**
- $64.2 million net profit after tax **+18.9% increase**
- $46.6 million operating cashflow **+52.6% increase**
- 42.5 cents earnings per share **+17.5% increase**
- 26.0 cents interim dividend per share **+18.2% increase**

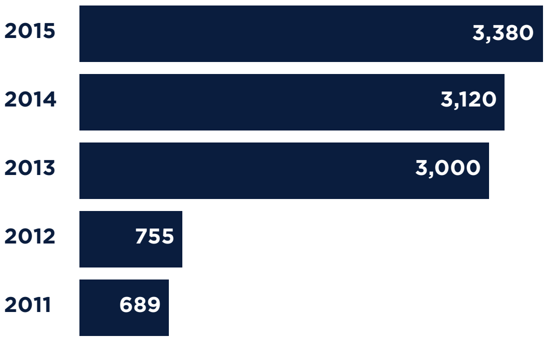
All figures are in New Zealand Dollars, unless otherwise stated.

Half year 2016 at a glance

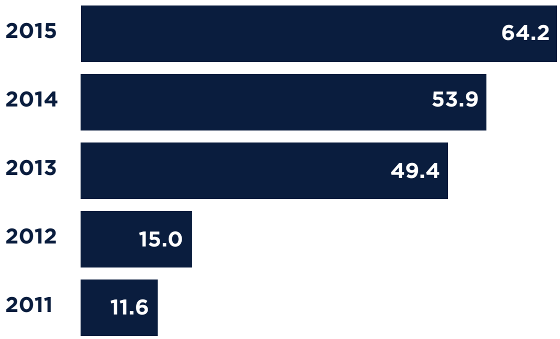
FIVE YEAR EBITDA TREND
For the six months to 31 December ($millions)



FIVE YEAR REVENUE TREND
For the six months to 31 December ($millions)



FIVE YEAR CONTINUING OPERATIONS NPAT TREND
For the six months to 31 December ($millions)



Dear Shareholder

It is with great pleasure that we provide you with the interim report for the six months to 31 December 2015, a period which reflected the benefits of continued organic growth and nearly $100 million in strategic investments across the Group.

The interim results demonstrated the robust performance of our Healthcare and Animal Care business units. Importantly, the results provide confidence for the Group to continue investing in key markets to drive future growth and improved returns for shareholders.

The highlights of the six months included:

- The acquisition of Red Seal, a natural vitamins, supplements and products business to accelerate the growth of our Endeavour Consumer Health business in Australia, New Zealand and Asia.
- The Onelink Australia business commencing operations under the NSW Health medical consumables warehousing and distribution contract.
- The acquisition of Zest as part of the Company's growing focus on areas including the delivery and administration of specialty pharmaceutical products, further strengthening our relationships with the manufacturer community.

The Group generated revenue for the half year of $3.4 billion, up 8.3% on the same period last year with Healthcare up by 8.2% and Animal Care up by 10.1%.

Our earnings before net finance costs, tax, depreciation and amortisation (EBITDA) increased by 13.3% to $113.7 million with Healthcare up by 12.7% and Animal Care up by 16.3%.

Net Profit After Tax increased to $64.2 million, representing an increase of 18.9% on the prior half-year, and earnings per share increased by 17.5%.

Interim dividend increase

Your Directors declared an interim dividend of 26.0 cents per share, an increase of 18.2% on the prior corresponding period. The interim dividend will be imputed to 25% for New Zealand resident shareholders and will be fully franked for Australian resident shareholders. The record date for the dividend is 11 March 2016 and the dividend will be paid on 1 April 2016.

As communicated in August 2015, the Board has reviewed the Group's dividend reinvestment plan (DRP). The Board has decided to suspend the DRP. Accordingly, it will not apply in respect of the interim dividend.

Healthcare

EBITDA for the Healthcare business increased 12.7%. Strong EBITDA growth was recorded by both the Australian and New Zealand businesses.

The profit performance of the Australian business reflected sound performances across Pharmacy, Institutional Healthcare and Contract Logistics.

In the Australian pharmacy market, solid wholesale revenue growth was assisted by increased levels of activity, particularly in the non-prescription channel. Our Onelink Australia business is demonstrating to customers and key stakeholders alike the operational capacity and expertise of its people and infrastructure.

EBOS is the link between health product manufacturers and the front line. Our specific capabilities in pharmaceutical wholesaling, medical consumables distribution, third party logistics and animal care, are significant.

The New Zealand operations (including our international Healthcare business) delivered a strong performance with EBITDA increasing by 24.1%, reflecting higher levels of activity within our Contract Logistics business and a strong contribution from our International division.

Animal Care

Animal Care recorded a 16.3% increase in EBITDA assisted by a full six month earnings contribution from BlackHawk which continues to receive strong support from pet specialty retailers in Australia. EBOS Group's 50% owned Animates business (NZ), the pre-eminent pet retailer in New Zealand, also performed well for the half-year.

Performance metrics

Operating cash flow of $46.6 million for the period was up 52.6% on the prior corresponding period and the Group's Net Debt/EBITDA ratio at 31 December 2015 was 1.8x. Return on capital employed increased by 1.4% to 14.3% reflecting the increased operating profit and cash performance of the Group, including the benefits of strategic investments undertaken in both the current and prior years.

Outlook
EBOS has recorded positive financial results for the first half of the financial year across both its Healthcare and Animal Care divisions.

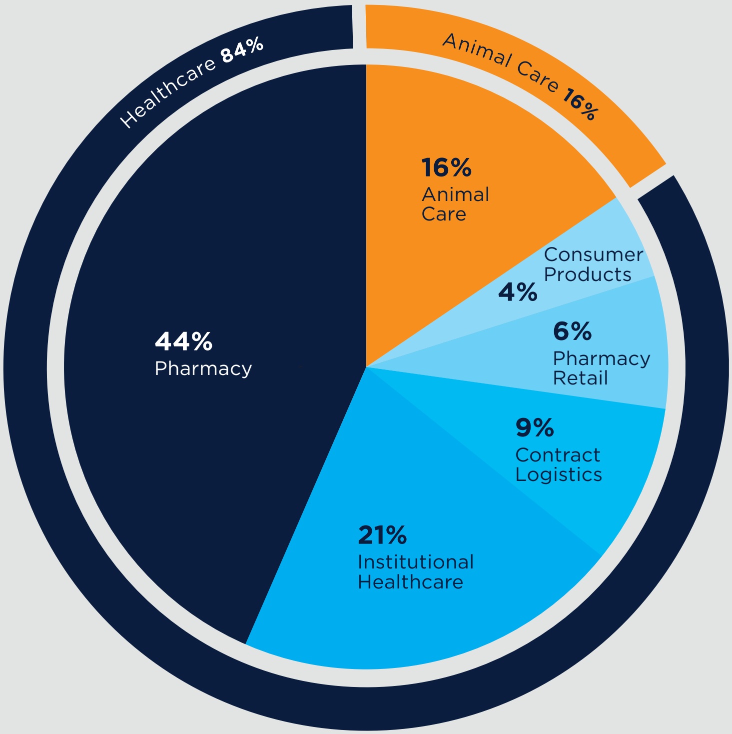
The financial performance and growth in the first half has benefited from acquisitions and investments undertaken in previous periods which have now cycled through a full 12 months of ownership.

We remain confident of delivering another year of double digit, constant currency, profit growth for our shareholders in 2016. We look forward to writing to you again following the end of the financial year on the performance of the Company and we appreciate your continued support.

Patrick Davies
Chief Executive Officer

Mark Waller
Chairman of Directors

Segment & Divisional Overview



Data based on gross operating revenue, which comprises revenue less cost of sales and write down of inventory.

Financial Statements

Six months ended 31 December 2015

Summary of consolidated financial highlights

	Six months 31 Dec 15 $'000 (Unaudited)	Six months 31 Dec 14 $'000 (Unaudited)	Year ended 30 Jun 15 $'000 (Audited)
Revenue	3,379,749	3,119,873	6,068,080
Earnings before interest, tax expense, depreciation and amortisation (EBITDA)	113,725	100,345	196,695
Earnings before interest and tax expense (EBIT)	101,419	88,479	172,577
Profit before income tax expense	91,744	77,014	150,668
Net profit for the period	64,170	53,949	105,941
Shareholder's equity	1,070,247	1,002,286	1,051,028
Earnings per share	42.5c	36.2c	70.8c
Interim dividend per share	26.0c	22.0c	47.0c
Net interest cover	11.8x	8.8x	9.0x
Net interest bearing debt to net interest bearing debt plus equity	26.2%	26.9%	23.2%

Shareholder calendar

Release of half year result	24 February 2016
Interim dividend record date	11 March 2016
Interim dividend payable	1 April 2016
Release of full year result	25 August 2016
Annual Meeting	19 October 2016

Deloitte.

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 2015, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 7 to 25.

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

Board of Directors' Responsibilities

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

Our Responsibilities

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

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2015 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

23 February 2016
Chartered Accountants,
Christchurch, New Zealand

This review report relates to the unaudited condensed consolidated interim financial statements of EBOS Group Limited for the six months ended 31 December 2015 included on EBOS Group Limited's website. The Board of Directors are responsible for the maintenance and integrity of EBOS Group Limited's website. We have not been engaged to report on the integrity of EBOS Group Limited's website. We accept no responsibility for any changes that may have occurred to the unaudited condensed consolidated interim financial statements since they were initially presented on the website. The review report refers only to the unaudited condensed consolidated interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited condensed consolidated interim financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the unaudited condensed consolidated interim financial statements and related review report dated 23 February 2016 to confirm the information included in the unaudited condensed consolidated interim financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed consolidated income statement

For the six months ended 31 December 2015

	Notes	Six months 31 Dec 15 $'000 (Unaudited)	Six months 31 Dec 14 $'000 (Unaudited)	Year ended 30 Jun 15 $'000 (Audited)
Revenue	**2(a)**	**3,379,749**	**3,119,873**	**6,068,080**
Income from associates	**2(b)**	**1,852**	**933**	**2,861**
Profit before depreciation, amortisation, net finance costs and income tax expense		**113,725**	**100,345**	**196,695**
Depreciation	2(b)	(6,416)	(5,649)	(12,108)
Amortisation of finite life intangibles	2(b)	(5,890)	(6,217)	(12,010)
Profit before net finance costs and income tax expense		**101,419**	**88,479**	**172,577**
Finance income	2(b)	1,404	1,192	2,299
Finance costs	2(b)	(11,079)	(12,657)	(24,208)
Net finance costs	2(b)	(9,675)	(11,465)	(21,909)
Profit before income tax expense	**2(b)**	**91,744**	**77,014**	**150,668**
Income tax expense		(27,574)	(23,065)	(44,727)
Profit for the period		**64,170**	**53,949**	**105,941**
Earnings per share				
Basic (cents per share)		42.5	36.2	70.8
Diluted (cents per share)		42.5	36.2	70.8

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2015

	Six months 31 Dec 15 $'000 (Unaudited)	Six months 31 Dec 14 $'000 (Unaudited)	Year ended 30 Jun 15 $'000 (Audited)
Profit for the period	**64,170**	**53,949**	**105,941**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge (losses)	(1,615)	(811)	(2,224)
Related income tax	452	223	631
Translation of foreign operations	(14,000)	(8,528)	11,993
Total comprehensive income net of tax	**49,007**	**44,833**	**116,341**

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2015

	Notes	Share capital $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Cash flow hedge reserve $'000	Total $'000
Six months ended 31 December 2014 (unaudited):						
Opening balance		861,549	(29,869)	147,085	274	979,039
Profit for the period		-	-	53,949	-	53,949
Other comprehensive income for the period, net of tax		-	(8,528)	-	(588)	(9,116)
Payment of dividends	4	-	-	(30,490)	-	(30,490)
Dividends reinvested	3	8,904	-	-	-	8,904
Balance at 31 December 2014		**870,453**	**(38,397)**	**170,544**	**(314)**	**1,002,286**
Year ended 30 June 2015 (audited):						
Opening balance		861,549	(29,869)	147,085	274	979,039
Profit for the year		-	-	105,941	-	105,941
Other comprehensive income for the year, net of tax		-	11,993	-	(1,593)	10,400
Payment of dividends	4	-	-	(63,431)	-	(63,431)
Dividends reinvested	3	19,079	-	-	-	19,079
Balance at 30 June 2015		**880,628**	**(17,876)**	**189,595**	**(1,319)**	**1,051,028**
Six months ended 31 December 2015 (unaudited):						
Opening balance		880,628	(17,876)	189,595	(1,319)	1,051,028
Profit for the period		-	-	64,170	-	64,170
Other comprehensive income for the period, net of tax		-	(14,000)	-	(1,163)	(15,163)
Payment of dividends	4	-	-	(37,673)	-	(37,673)
Dividends reinvested	3	7,885	-	-	-	7,885
Balance at 31 December 2015		**888,513**	**(31,876)**	**216,092**	**(2,482)**	**1,070,247**

Condensed consolidated balance sheet

As at 31 December 2015

	Notes	31 Dec 15 $'000 (Unaudited)	31 Dec 14 $'000 (Unaudited)	30 Jun 15 $'000 (Audited)
Current assets				
Cash and cash equivalents		115,810	68,836	109,521
Trade and other receivables		869,559	785,018	803,839
Prepayments		6,671	5,533	7,935
Inventories		548,776	515,397	518,272
Current tax refundable		88	82	88
Other financial assets – derivatives	8	468	1,761	2,184
Total current assets		**1,541,372**	**1,376,627**	**1,441,839**
Non-current assets				
Property, plant and equipment		102,884	108,250	111,599
Capital work in progress		-	731	-
Prepayments		330	34	439
Deferred tax assets		44,547	35,421	48,284
Goodwill		828,922	763,461	764,618
Indefinite life intangibles		92,058	75,708	79,043
Finite life intangibles		61,779	69,694	69,325
Investment in associates		35,576	32,344	34,911
Total non-current assets		**1,166,096**	**1,085,643**	**1,108,219**
Total assets		**2,707,468**	**2,462,270**	**2,550,058**

Condensed consolidated balance sheet (continued)

As at 31 December 2015

	Notes	31 Dec 15 $'000 (Unaudited)	31 Dec 14 $'000 (Unaudited)	30 Jun 15 $'000 (Audited)
Current liabilities				
Trade and other payables		1,028,647	914,690	952,257
Finance leases		540	163	153
Bank loans	7	307,970	176,021	153,245
Current tax payable		13,577	12,238	16,990
Employee benefits		29,368	26,099	33,573
Other financial liabilities – derivatives	8	6,638	4,540	6,047
Total current liabilities		**1,386,740**	**1,133,751**	**1,162,265**
Non-current liabilities				
Bank loans	7	186,458	260,492	272,852
Trade and other payables		10,324	14,630	10,042
Deferred tax liabilities		48,936	46,545	48,853
Finance leases		109	250	191
Employee benefits		4,654	4,316	4,827
Total non-current liabilities		**250,481**	**326,233**	**336,765**
Total liabilities		**1,637,221**	**1,459,984**	**1,499,030**
Net assets		**1,070,247**	**1,002,286**	**1,051,028**
Equity				
Share capital	3	888,513	870,453	880,628
Foreign currency translation reserve		(31,876)	(38,397)	(17,876)
Retained earnings		216,092	170,544	189,595
Cash flow hedge reserve		(2,482)	(314)	(1,319)
Total equity		**1,070,247**	**1,002,286**	**1,051,028**

Condensed consolidated cash flow statement

For the six months ended 31 December 2015

	Notes	Six months 31 Dec 15 $'000 (Unaudited)	Six months 31 Dec 14 $'000 (Unaudited)	Year ended 30 Jun 15 $'000 (Audited)
Cash flows from operating activities				
Receipts from customers		3,280,499	3,021,876	5,994,123
Interest received		1,404	1,192	2,299
Dividends received from associates		590	-	301
Payments to suppliers and employees		(3,195,047)	(2,952,414)	(5,785,720)
Taxes paid		(29,812)	(27,494)	(53,006)
Interest paid		(11,079)	(12,657)	(24,208)
Net cash inflow from operating activities	**5**	**46,555**	**30,503**	**133,789**
Cash flows from investing activities				
Sale of property, plant & equipment		5,046	637	458
Purchase of property, plant & equipment		(5,853)	(9,920)	(14,977)
Payments for intangible assets		(958)	(102)	(464)
Acquisition of associates		(1,107)	(5,581)	(6,710)
Acquisition of subsidiaries		(89,457)	(57,414)	(57,414)
Net cash (outflow) from investing activities		**(92,329)**	**(72,380)**	**(79,107)**
Cash flows from financing activities				
Proceeds from issue of shares	3	7,885	8,904	19,079
Proceeds from borrowings		84,430	53,433	23,584
Repayment of borrowings		-	(8,667)	(15,161)
Dividends paid to equity holders of parent	4	(37,673)	(30,490)	(63,431)
Net cash inflow/(outflow) from financing activities		**54,642**	**23,180**	**(35,929)**
Net increase/(decrease) in cash held		8,868	(18,697)	18,753
Effect of exchange rate fluctuations on cash held during the period		(2,579)	(1,165)	2,070
Net cash and cash equivalents at beginning of period		109,521	88,698	88,698
Net cash and cash equivalents at end of period		**115,810**	**68,836**	**109,521**

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2015

1. Financial statements

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

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 2015. 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 2015. The information is presented in thousands of New Zealand dollars unless otherwise stated.

2. Profit from operations

	Six months 31 Dec 15 $’000 (Unaudited)	Six months 31 Dec 14 $’000 (Unaudited)	Year ended 30 Jun 15 $’000 (Audited)
(a) Revenue			
Revenue from the sale of goods	3,326,984	3,074,892	5,979,980
Revenue from the rendering of services	52,765	44,981	88,100
	3,379,749	**3,119,873**	**6,068,080**

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

2. Profit from operations (continued)

	Six months 31 Dec 15 $'000 (Unaudited)	Six months 31 Dec 14 $'000 (Unaudited)	Year ended 30 Jun 15 $'000 (Audited)
(b) Profit before income tax expense			
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from operations:			
(Loss)/gain on sale of property, plant and equipment	(191)	6	(88)
Change in fair value of derivative financial instruments	(770)	(6)	323
Share of profits of associates	1,852	933	2,861
Profit before income tax has been arrived at after (charging) the following expenses by nature:			
Cost of sales	(3,044,051)	(2,813,355)	(5,464,445)
Write-down of inventory	(2,012)	(1,134)	(3,483)
Net finance costs:			
Finance income	1,404	1,192	2,299
Finance costs	(11,079)	(12,657)	(24,208)
Total net finance costs	(9,675)	(11,465)	(21,909)
Impairment on trade & other receivables	(861)	(765)	(1,869)
Depreciation of property, plant & equipment	(6,416)	(5,649)	(12,108)
Amortisation of finite life intangibles	(5,890)	(6,217)	(12,010)
Operating lease rental expenses	(14,766)	(12,800)	(27,009)
Donations	(81)	(82)	(124)
Employee benefit expense	(106,251)	(100,404)	(198,695)
Defined contribution plan expense	(6,299)	(5,892)	(11,560)
Other expenses	(92,594)	(86,029)	(167,296)
Total expenses, net of interest revenue	(3,288,896)	(3,043,792)	(5,920,508)
Profit before income tax expense	**91,744**	**77,014**	**150,668**

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

3. Share capital

	No. '000	Six months 31 Dec 15 $'000 (Unaudited)	No. '000	Six months 31 Dec 14 $'000 (Unaudited)	No. '000	Year ended 30 Jun 15 $'000 (Audited)
Fully paid ordinary shares						
Balance at beginning of period	150,687	880,628	148,720	861,549	148,720	861,549
Dividend reinvested –						
October 2014	-	-	1,019	8,904	1,019	8,904
April 2015	-	-	-	-	948	10,175
October 2015	627	7,885	-	-	-	-
	151,314	888,513	149,739	870,453	150,687	880,628

4. Dividends

	Cents per share	Six months 31 Dec 15 $'000 (Unaudited)	Cents per share	Six months 31 Dec 14 $'000 (Unaudited)	Cents per share	Year ended 30 Jun 15 $'000 (Audited)
Recognised amounts						
Fully paid ordinary shares						
Final – prior year	25.0	37,673	20.5	30,490	20.5	30,490
Interim – current year	-	-	-	-	22.0	32,941
	25.0	37,673	20.5	30,490	42.5	63,431
Unrecognised amounts						
Final dividend	-	-	-	-	25.0	37,673
Interim dividend	26.0	39,342	22.0	32,941	-	-
	26.0	39,342	22.0	32,941	25.0	37,673

The Board approved an interim dividend of 26.0 cents per share on 23 February 2016. The record date for the dividend is 11 March 2016 and the dividend will be paid on 1 April 2016.

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

5. Notes to the cash flow statement

	Six months 31 Dec 15 $'000 (Unaudited)	Six months 31 Dec 14 $'000 (Unaudited)	Year ended 30 Jun 15 $'000 (Audited)
Reconciliation of profit for the period with cash flows from operating activities			
Profit for the period	**64,170**	**53,949**	**105,941**
Add/(less) non-cash items:			
Depreciation of property, plant and equipment	6,416	5,649	12,108
Amortisation of finite life intangibles	5,890	6,217	12,010
Loss/(gain) on sale of property, plant & equipment	191	(6)	88
Share of profits of associates, net of dividends received	(1,262)	(933)	(2,861)
Loss/(gain) on derivative financial instruments	770	6	(323)
Deferred tax	212	(1,821)	(8,293)
Provision for doubtful debts	132	349	355
	12,349	9,461	13,084
Movements in working capital:			
Trade and other receivables	(65,852)	(86,091)	(104,918)
Prepayments	1,373	1,235	(1,572)
Inventories	(30,504)	(23,773)	(26,648)
Current tax refundable/(payable)	(3,413)	(1,980)	2,766
Trade and other payables	76,672	98,151	131,130
Provision for employee benefits	(4,378)	(2,645)	5,340
Foreign currency translation of opening working capital balances	(14,249)	(9,496)	13,973
	(40,351)	(24,599)	20,071
Working capital items relating to investing activities	1,111	(9,707)	(6,706)
Working capital items acquired on acquisition	9,276	1,399	1,399
Net cash inflow from operating activities	**46,555**	**30,503**	**133,789**

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

6. Segment information

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

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

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

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

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

(b) Segment revenues and results

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

	Six months 31 Dec 15 $'000 (Unaudited)	Six months 31 Dec 14 $'000 (Unaudited)	Year ended 30 Jun 15 $'000 (Audited)
Revenue from external customers			
Healthcare	3,169,276	2,928,736	5,692,888
Animal care	210,473	191,137	375,192
	3,379,749	3,119,873	6,068,080
Segment result (EBITDA)			
Healthcare	99,755	88,541	170,167
Animal care	19,587	16,843	37,118
Corporate	(5,617)	(5,039)	(10,590)
	113,725	100,345	196,695

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

6. Segment information (continued)

	Six months 31 Dec 15 $'000 (Unaudited)	Six months 31 Dec 14 $'000 (Unaudited)	Year ended 30 Jun 15 $'000 (Audited)
Segment expenses			
Healthcare:			
Depreciation of property, plant and equipment	(5,766)	(4,973)	(10,762)
Amortisation of finite life intangibles	(4,683)	(5,039)	(9,695)
Income tax expense	(26,855)	(23,880)	(41,655)
	(37,304)	(33,892)	(62,112)
Animal care:			
Depreciation of property, plant and equipment	(650)	(676)	(1,346)
Amortisation of finite life intangibles	(1,207)	(1,178)	(2,315)
Income tax expense	(4,958)	(3,782)	(11,616)
	(6,815)	(5,636)	(15,277)
Corporate:			
Net finance costs	(9,675)	(11,465)	(21,909)
Income tax credit	4,239	4,597	8,544
	(5,436)	(6,868)	(13,365)
Profit for the period			
Healthcare	62,451	54,649	108,055
Animal care	12,772	11,207	21,841
Corporate	(11,053)	(11,907)	(23,955)
	64,170	53,949	105,941

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

6. Segment information (continued)

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

(c) Segment assets

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

- Assets
- Liabilities
- Capital expenditure

(d) Revenues from major products and services

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

(e) Geographical information

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

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

	Six months 31 Dec 15 $'000 (Unaudited)	Six months 31 Dec 14 $'000 (Unaudited)	Year ended 30 Jun 15 $'000 (Audited)
Revenue from external customers			
New Zealand	737,225	672,285	1,343,884
Australia	2,642,524	2,447,588	4,724,196
	3,379,749	3,119,873	6,068,080
Non-current assets			
New Zealand	286,558	208,455	206,410
Australia	799,415	809,423	818,614
	1,085,973	1,017,878	1,025,024

(f) Information about major customers

No revenues from transactions with a single customer amount to 10% or more of the Group's revenues (December 2014: Nil, June 2015: Nil).

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

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 2015 the Group had unutilised term and revolving cash advance facilities of $87.7m (December 2014: $89.6m, June 2015: $91.7m).

The Group also has a trade debtor securitisation facility of which $182.7m was unutilised at 31 December 2015 (December 2014: $226.3m, June 2015: $277.7m).

As at 31 December 2015 the maturity profile of the Group's term debt, working capital and securitisation facilities was:

Facility	Amount	Maturity
Working capital facilities	$90.4m	July 2016
Term debt facilities	$77.6m	August 2016
Term debt facilities	$93.0m	August 2018
Term debt facilities	$93.5m	August 2019
Securitisation facility	$410.4m	July 2017

Subsequent to 31 December 2015 the Group entered into an agreement to extend the maturity date of the Securitisation facility to September 2018 and increase the facility limit by $42.6m to $453m.

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.

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

8. Financial instruments (continued)

	Six months 31 Dec 15 $'000 (Unaudited)	Six months 31 Dec 14 $'000 (Unaudited)	Year ended 30 Jun 15 $'000 (Audited)
Fair value of derivative financial instruments			
Other financial assets – derivatives:			
Foreign currency forward exchange contracts	468	1,761	2,184
	468	1,761	2,184
Other financial liabilities – derivatives:			
Foreign currency forward exchange contracts	(1,103)	(30)	-
Interest rate swaps	(5,535)	(4,510)	(6,047)
	(6,638)	(4,540)	(6,047)

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.

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

9. Related party disclosures

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

As at 31 December 2015 no balances were owing to or from related parties of EBOS Group Limited (December 2014: Nil, June 2015: Nil).

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

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

10. Events after balance date

Subsequent to 31 December 2015, the Board approved an interim dividend to shareholders. For further details please refer to Note 4.

Subsequent to 31 December 2015, the Group renegotiated the maturity date and facility limit of the Securitisation facility. For further details please refer to Note 7.

11. Acquisition of subsidiaries

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

On 30 November 2015 the Group acquired the business operations of Red Seal Natural Health Limited ('Red Seal'). Details of the acquisition are as follows:

Assets and liabilities acquired:

	Carrying Value $'000 (Unaudited)	Fair value adjustment $'000 (Unaudited)	Fair value on acquisition $'000 (Unaudited)
Current assets			
Trade and other receivables	4,033	(136)[1]	3,897
Inventories	6,333	(400)[2]	5,933
Non-current assets			
Property, plant and equipment	1,492	216[3]	1,708
Indefinite life intangibles	-	16,000[4]	16,000
Current liabilities			
Trade and other payables	(3,929)	(738)[5]	(4,667)
Employee benefits	(316)	-	(316)
Finance lease	-	(394)[6]	(394)
Non-current liabilities			
Deferred tax liabilities	-	(4,231)[7]	(4,231)
Net assets acquired	**7,613**	**10,317**	**17,930**

Notes to the condensed consolidated interim financial statements (Continued)

For the six months ended 31 December 2015

11. Acquisition of subsidiaries (continued)

	Carrying Value $'000 (Unaudited)	Fair value adjustment $'000 (Unaudited)	Fair value on acquisition $'000 (Unaudited)
Goodwill on acquisition			62,337
Total consideration			80,267
Deferred purchase consideration			(267)
Net cash (outflow) on acquisition			**(80,000)**

1. To recognise the fair value of trade and other receivables expected to be received on acquisition.
2. To recognise the fair value of inventory acquired on acquisition.
3. To recognise additional net property, plant and equipment assets identified on acquisition.
4. To recognise the 'Red Seal' brand as a result of a valuation performed at acquisition.
5. To recognise additional liabilities identified on acquisition.
6. To recognise a finance lease arrangement in place on acquisition.
7. To recognise additional deferred tax liability balances incurred on acquisition.

Goodwill arising on acquisition

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

Red Seal was acquired as it is a profitable healthcare business which the Group believes fits strategically with its Australasian Retail Services business assets.

Impact of the acquisition on the results of the Group

Red Seal contributed $248,000 to the Group profit for the period. Group revenue for the period includes $3,314,000 in respect of Red Seal. Had the Red Seal acquisition been effective at 1 July 2015, the revenue of the Group from continuing operations would have been $3,397,779,000 and the profit for the period from continuing operations would have been $65,704,000.

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

11. Acquisition of subsidiaries (continued)

During the current period the Group also acquired 100% control over the issued capital of Nexus Australasia Pty Ltd for $5.4m. The financial impact of this acquisition is considered to be immaterial for financial reporting purposes.

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

Assets and liabilities acquired:

	Carrying Value $'000 (Unaudited)	Fair value adjustment $'000 (Unaudited)	Fair value on acquisition $'000 (Unaudited)
Current assets			
Cash and cash equivalents	1,119	-	1,119
Trade and other receivables	4,297	-	4,297
Prepayments	6	-	6
Inventories	305	-	305
Non-current assets			
Property, plant and equipment	412	-	412
Indefinite life intangibles	-	21,387[1]	21,387
Deferred tax assets	-	3,071[2]	3,071
Current liabilities			
Trade and other payables	(1,310)	(361)[3]	(1,671)
Employee benefits	(53)	-	(53)
Taxation payable	(1,485)	-	(1,485)
Non-current liabilities			
Deferred tax liabilities	-	(6,380)[2]	(6,380)
Net assets acquired	**3,291**	**17,717**	**21,008**
Goodwill on acquisition			43,152
Total consideration			64,160
Less cash and cash equivalents acquired			(1,119)
Deferred purchase consideration			(5,627)
Net cash (outflow) on acquisition			**(57,414)**

Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 31 December 2015

11. Acquisition of subsidiaries (continued)

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

Goodwill arising on acquisition

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

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

Impact of the acquisition on the results of the Group for the period ended 31 December 2014

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

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