



EBOS Group Limited Annual Report 2010





EBOS key revenue streams

- Healthcare sales and marketing, where we drive demand for specific brands.
- Pharmaceutical and medical wholesaling.
- As a key service provider of pharmaceuticals and medical consumables to public and private hospitals.
- As a key service provider to multi-national healthcare manufacturers.

EBOS is for life



EBOS Group Limited Annual Report 2010

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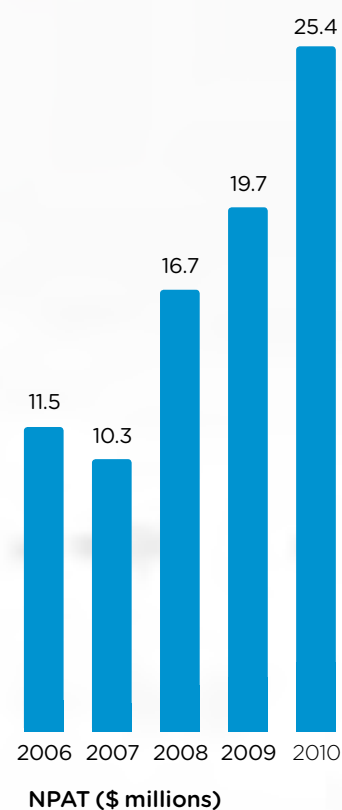
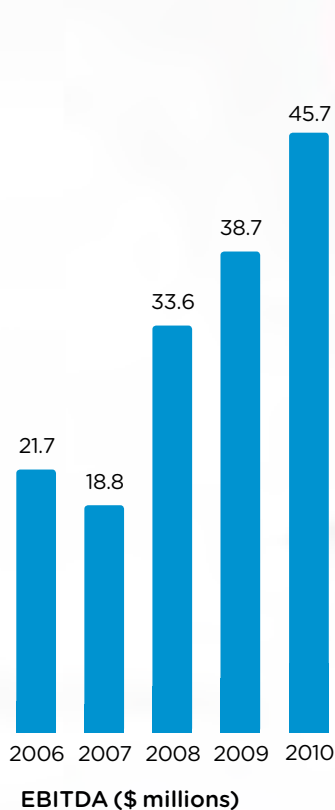
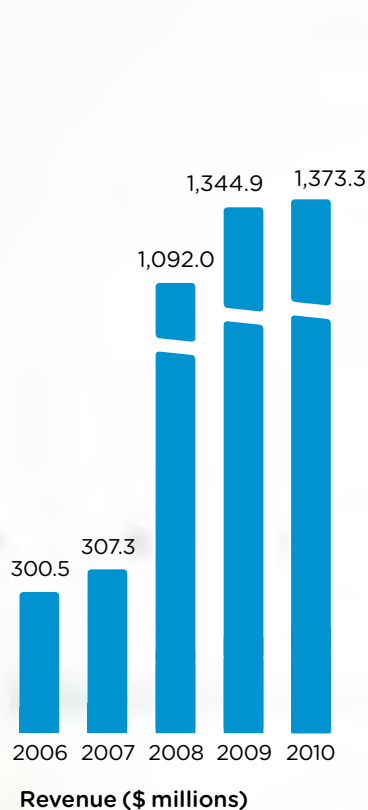


Highlights of the year ended 30 June 2010

- The entire EBOS group performed strongly with our resilience, reliability and flexibility to the fore in difficult economic conditions.
- Efficiency gains have led to improved earnings, with net profit before abnormal items ahead by 28.9%
- Continued investment in information technologies, improved customer service and operating efficiencies.
- Effective capital management with positive cash flow of \$41.8 million and net debt reduced to \$2.7 million.
- The proactive sale of the Scientific portfolio post balance date further strengthens our financial position for future growth.



Financial performance and trends



	2010	2009	2008	2007	2006
Net cash inflow from operating activities (\$'000)	41,813	33,310	28,546	7,254	8,349
Shareholders' interest (\$'000)	182,790	162,039	147,304	92,195	55,763
Distributions cents per share	31.0c	25.0c	23.0c	22.5c	22.5c
Earnings per share	51.0c	41.1c	37.6c	31.7c	41.8c
Interest cover	7.3	4.4	3.7	7.8	6.9
Net interest bearing debt to net interest bearing debt plus equity	1.5%	19.6%	32.0%	8.1%	42.3%

2010 Normalised to add back deferred tax expense arising out of tax legislation made by New Zealand Government in May 2010.



Chairman's report

Your Board of Directors is very happy to report to shareholders another very successful year for EBOS Group Limited. Despite a very challenging economic environment we achieved a significant increase in earnings for the year ending 30 June 2010 and indeed EBOS and its subsidiary companies are in the best operating shape in their corporate history.

Not only has the group locked in the benefits of the growth steps taken in recent years in New Zealand and Australia but we have complemented this with efficiency gains across the board.

We have a strong platform in our pharmacy wholesaling, logistics and hospital procurement businesses, where integration of information technology to provide excellence in service delivery is key to achieving further efficiencies. The Group continued to expand contractually with further District Health Boards becoming customers.

Likewise our Healthcare businesses in New Zealand and Australia have had another excellent year, with both operations producing another strong year of earnings growth.

The group continues to closely monitor changes being made in the NZ state health sector. The EBOS NZ portfolio of businesses collectively represent the largest contribution to NZ Healthcare supply. A policy of continuous improvement driving efficiency gains year on year should enable us to maintain our competitive edge.

The company has strengthened its balance sheet with major reductions in working capital, strong shareholder returns, and improved market capitalisation.



Results

In the year ended 30 June 2010, revenue was a new record at \$1,373m (\$1,344m in 2009). Earnings before interest, tax, amortisation and depreciation (EBITDA) was a record \$45.74m (\$38.71m) an 18.2% increase.

Normalised net profit was \$25.4m and net profit after tax of \$23.44m was 18.8% higher than the 2009 result of \$19.73m. This included abnormal deferred tax charges of \$1.97m on the group's buildings resulting from the reduction of tax depreciation rates to zero for periods from and including 2012, as brought down in the New Zealand Government's 2010 Budget. Importantly, the tax adjustment is a one-off and non-cash charge. It would be fair to say that we are not alone in expressing our concerns over how these changes in the tax and reporting environment have made it even more difficult for shareholders to gauge the true financial performance of New Zealand corporates.

Earnings per share increased to 47.0 cents from 41.1 cents on the increased capital base of 50.80 million shares on issue as at 30 June 2010, which continues our very positive trend in earnings growth.

The trading results came from three key revenue streams:

- Healthcare Sales and Marketing
 - Scientific Sales and Marketing
 - Wholesale-Logistics Services business located solely in New Zealand.
- Australia, NZ and the Pacific Islands

The announcement post balance date of the sale of our Scientific portfolio of business marks an important phase in EBOS's strategy to take value for shareholders when the market timing is right. The business operations divested were those of Global Science & Technology Limited, Quantum Scientific Pty Limited and Crown Scientific Pty Limited.

This divestment for a cash amount was achieved at a very satisfactory multiple. The sale will have a significant positive impact on our balance sheet going forward and effectively eliminates debt and places EBOS in a strong position to undertake further expansion and look to enhance shareholder value.

EBOS has earned an enviable reputation for making and successfully implementing acquisitions over the last decade. This deal shows that management is also able to complete a major sale transaction for the benefit of shareholders.

Balance Sheet

EBOS already had a strong financial position as at 30 June 2010 having further reduced debt during the period as is reflected in the continued fall in interest costs.

Repayments during the year reduced the level of net borrowings at balance date to \$2.7m compared with \$39.38m in 2009.

Strong positive cash flow from all operating business has significantly reduced the debt incurred since the acquisition of PRNZ 3 years ago (comprising Healthcare Logistics and pharmacy wholesaler ProPharma). The group's popular bonus distribution plan, has also contributed to the lower debt levels.

Net assets increased to \$182.79m (\$162.04m last year) reflecting an increase in total assets to \$518.34m (\$499.83m) and reduced non-current liabilities of \$73.85m (\$83.54m). Current assets stand at \$336.39m (\$314.58m) and non-current assets at \$181.95m (\$185.25m), with current liabilities at \$261.70m (\$254.25m).

Operational cash flow generation in 2010 was a new record at \$41.81m and continues the positive trend of 2009 (\$33.3m) and 2008 (\$28.54m).

Dividend and Bonus Share Distribution

The Directors are pleased to be able to approve a share distribution of 17.5 cents per share to be made on 8 October 2010, making a total of 31 cents per share for the year. This represents an overall increase of 6 cents per share.

The record date for the bonus share distribution was 10 September 2010. Shareholders have the option to have these shares purchased back by the company for cash. The Board thanks those shareholders who are supporting the bonus share distribution scheme. It enables the company to retain cash in the business where it can be used to fund future growth.

Board

As the group grows in size, and faces more complex decision-making, it has benefited from the tremendous business experience of its directors. I express

my sincere thanks for the efforts and continued commitment of the board over the past year.

Management and Employees

The year's events have been extremely demanding on our management team and the Board greatly appreciates and values the loyalty, determination, and skills required to succeed shown by our managing director Mark Waller and his team.

The Board also recognises the commitment of employees in all EBOS owned businesses during a trying year for individuals and families in terms of the economic cycle. Our people reside in some of the finest environments on Earth but they can undergo unpredictable change as we have seen from the disruption and losses inflicted by natural disasters such as bushfires in Australia, storm damage in the Pacific Islands and, most recently, the earthquake in Christchurch where the EBOS Group is headquartered. The Directors extend their best wishes to those employees affected.

Outlook

The Board is optimistic about the prospects for 2010-11 in each of our markets.

As I noted above we are in the best operating form ever and this, coupled with the stability and expertise that comes from having a stable and highly skilled executive team, excellent partnerships with suppliers and customers and an ungeared balance sheet, provide the impetus for significant future growth.

Our future investment will concentrate on opportunities in our core Healthcare activities. Our conservative balance sheet provides real flexibility to examine expansion opportunities. However, all such opportunities will be subject to the usual EBOS tests of being a good strategic fit and being capable of enhancing shareholder value.

In closing it is worth reminding shareholders present and future of what a fantastic growth story EBOS has been for its shareholders over the past ten years.

In 2000, our turnover was just \$80m pa with SHF of \$35m and total assets of \$62m.

In 2010 turnover is almost \$1.4bn, SHF \$183m, and total assets of \$518m.

The EBOS Board thanks all of our 4,400 shareholders for their continued support of the company and looks forward to meeting shareholders attending the Annual Shareholders' Meeting to be held at Christchurch on Thursday 21 October 2010.



Rick Christie
Chairman of Directors



Managing Director's review

The excellent financial performance of EBOS Group Limited in the year ending 30 June 2010 is a great credit to our staff and management.

EBOS has reported a further rise in reported profit during a sustained period of generally poor economic growth in the broader marketplace. We have again delivered solid outcomes across each of our group trading divisions, all of which have come through the recession of 2009-10 in excellent shape.

We are exposed to the same macro-economic shifts as any other large business. We are however fortunate to be somewhat insulated from sliding consumer confidence. Our core revenue streams in healthcare sales and marketing, logistics and wholesale supply are more defensive than in other industry sectors. We do however have to deliver continuing customer benefits and efficiency gains to win in an ultra competitive environment.

Our group Earnings before Interest, Taxation, Depreciation and Amortisation ('EBITDA') reached another record at \$45.7m, which is an 18.2% gain on 2009.

Our NPAT of \$23.4m is after a deferred tax adjustment of \$1.974m. This is a one-off, non cash, charge resulting from the New Zealand Government's move in the 2010 Budget to reduce tax depreciation rates on buildings to zero for periods from and including 2012. In comparison to many other New Zealand corporates, the quantum of the charge may be modest; it nevertheless has a material effect on reported profit, and should be added back to reflect the true trading position.



The trend for many years underscores the ongoing growth trajectory of the group.

	REVENUE	EBITDA	MARKET CAP
2005	\$281.0m	\$19.2m	\$117m
2010	\$1,373.3m	\$45.7m	\$315m

The trend confirms that EBOS has more than doubled its EBITDA over this period. Earnings per share have increased from 32.5 cents in 2005 to 47.0 cents in 2010. Total returns to shareholders including dividends, bonus shares and market value gains in the EBOS share price place EBOS returns amongst a handful of NZ's best performing listed companies. This leading performance in total shareholder returns is confirmed over 1, 2, 5, 7 and 10 year comparisons.

The Profit 'Drivers'

How have we achieved the recent improvement against the backdrop of a difficult business environment?

Put simply, our profit result reflects efficiency gains and ongoing investment in automation and technology across all businesses and strong profit growth from Australian operations.

We continue to reap the benefit of our investments made in Australia during the last decade. The major strides by EBOS Australia flow from the strategy to grow our Primary Care business to be one of the leading national players. This, along with our move into the aged care sector and selected areas of the hospital market, specialising in infection prevention, along with the skill and great attitude of our employees underpin the success story.

Right Attitude + Right Actions = Success

The EBOS culture which we strive to embed across all group activities is a winning formula for continuous improvement. We seek to implant a 'can do' attitude in each of our businesses across New Zealand, Australia and the Pacific Islands.

With almost 1000 staff we encourage them to seek the most effective solution to every thing we do to help our customers, and suppliers. Their personal initiatives, strongly support our drive to create excellence in our group-wide technology improvement programme.

To support our staff and customers we continue to invest in Information Technology with on-line ordering, web based options, business to business solutions, and warehouse automation.

Our Wholesale Logistics and Distribution businesses supplying public and private hospitals in New Zealand are volume-driven, low-margin, businesses. Our internal pursuit of improved performance arises from operational as distinct from pricing gains by investing in and using technology as the key driver for growth in profitability.

The successful implementation of a 'digital dashboard' of Key Performance Indicators across all business units allows managers to track inventory levels, sales and stock turn, costs of sale, return on capital, gross profit trends and debtor positions. This assists group productivity levels and management of working capital.

This internal drive for operational efficiency has continued to be rewarded with operating cashflow rising from last year's record \$33.3m to a new record of \$41.8m.





The Importance of our Results

Our financial performance, minimal debt levels and long standing track record are obvious positives for shareholders of EBOS.

They are equally important to suppliers, customers and staff.

It is about confidence, and the ability to grow and invest to support our customers and suppliers. EBOS Group and its subsidiary companies represent the most important single organisation in the supply of product – both pharmaceutical and medical consumables to the NZ Health sector. Our presence and continued success is vital for the country.

In Australia we are still a small player overall and yet we are one of the few companies with a national vision to replicate the market reach we have in NZ, across the many sectors of Healthcare.

Sale of Scientific Portfolio

Our decision to exit the Scientific market was the result of a detailed review of the growth prospects and the changed landscape internationally on this sector. It is important for EBOS to be number one or two in a market, to be both influential and to ensure ongoing profitability.

We felt that this could no longer be achieved by our Scientific businesses, given the international strength of VWR and their closest competitor in this sector.

The fact that EBOS has created a worthwhile trans-Tasman business, and recognised the right time to sell it has enabled us to extract considerable value for EBOS shareholders. Importantly, all staff in Quantum Scientific; Crown Scientific and Global Science have been offered roles with new owners VWR International (USA). As a major global player, VWR offers staff the best possible career prospects, along with a greatly expanded product portfolio for customers.

The preliminary settlement conditions were met and funds received in early September. Final accounts and adjustments will be completed late September.

We thank our wonderful and loyal staff for their dedication and our scientific customers and suppliers for their support over many years.



Group Operations

What EBOS Group businesses actually do and where they fit in the Healthcare sector is often not clear to new comers to the Health sector; mostly because of the breadth of market segments we cover and the business models appropriate to service those markets.

The New Zealand model as applied to pharmaceuticals has been highly beneficial from a cost containment perspective. It has however, dramatically reduced the direct marketing presence in New Zealand of many multinational companies.



This has translated into the existing market structure in New Zealand for the marketing and supply of pharmaceuticals. A similar approach to the medical devices and consumables sector is starting to unfold.

The success in New Zealand and the planned changes to the medical device sector are of great interest to the Australian government, which like most governments, seeks to contain Healthcare costs.

We have already commented about our EBOS Australia business and the fact that it had another successful year of growth. Equally our NZ businesses, including EBOS Healthcare, ProPharma, Health Support and Healthcare Logistics all produced improved results for the year to 30 June. Our International business in the Pacific had a record year, culminating with the opening of a new office in Fiji.



What We Do in New Zealand

Our goal this year is to explain the fundamental purpose of our New Zealand businesses, by business model and customer group.

Fundamental Components

- All of our businesses have a distribution and logistics component. The better this works in terms of service to customers, order processing efficiency and inventory optimisation, the better off we and our customers are.
We call this expertise a CENTRE OF EXCELLENCE.
- The ability to analyse customer needs, forecast their requirements to the product manufacturers and to accept product enquiry and process orders in the most efficient manner is another shared need across all of our businesses.
To this we need to add “customer intelligence” in terms of knowing and managing their needs and to be able to link this to our marketing activities.
The linkage to customers through web portals, B2B, smart telephone and dedicated on line ordering systems is another shared need.
These collectively form part of our Information Technology CENTRE OF EXCELLENCE.
- Finance, treasury, accounting and statutory compliance are also common to all businesses. We are in the midst of a business streamlining and simplification process for this CENTRE OF EXCELLENCE

The definition of CENTRE OF EXCELLENCE is to be world class and one of the best anywhere in systems and processes with a known and high quality outcome – each and every time.

In the past we had an expectation that each manager should be able to do “a bit of everything”.

We have moved on from this to allow each business unit manager to focus on the needs of their customers, safe in the knowledge that these support services will be so good that they have a competitive advantage.

The creation by EBOS of these CENTRES OF EXCELLENCE now forms part of the Groups’ intellectual property.

BUSINESS ACTIVITY	BUSINESS MODEL UTILISED	GROUP BUSINESSES INVOLVED
<p>Pharmacy Wholesale</p> <ul style="list-style-type: none"> • District Health Board Supply Contracts • Private Hospital Supply Contracts • Community Supply Contracts (Pharmaceutical, Medical devices, other consumables) 	<p>Business to business marketing company with just in time logistics capability</p> <ul style="list-style-type: none"> • Business partnership model where services are out sourced to our group business. • Large customers can negotiate pricing directly with manufacturers, thereby creating tripartite contracts. 	<p>ProPharma Health Support</p> <p>Health Support ProPharma</p>
<p>Brand Marketing to Hospitals, Aged Care, Primary Care and Consumer market segments</p>	<p>Sales and Marketing of exclusive brands aimed at customers choosing our brand of product over a competitor.</p>	<p>EBOS Healthcare ProPharma Consumer division</p>
<p>Pre Wholesale (includes 3PL)</p>	<p>“Virtual company” services including all Centre of Excellence components and contract sales/ marketing where required.</p> <p>Customers are all manufacturers.</p>	<p>Healthcare Logistics Health Support</p>
<p>International Business</p>	<p>Business partnership built around specific competencies such as Radiology with service contracts included.</p>	<p>EBOS Healthcare</p>



Going Forward

It makes sense that our trading businesses specialise and focus on their core markets. It also makes sense that these businesses share CENTRES OF EXCELLENCE, where practical. Information technology is a key enabler of these changes.

We are in the midst of projects to place all “back office” services of Health Support onto the group’s latest SAP information technology platform. This will conclude in late 2010 with Health Support, ProPharma and Healthcare Logistics sharing one I.T. platform, and one Finance/Accounting team.

Similarly we will clarify our market offering with the Health Support pharmacy wholesale business transferring to ProPharma and the Pre Wholesale/3PL contracts transferring to Healthcare Logistics.

Most significantly all major DHB contracts have been renewed or rolled over during the year to 30 June.

The majority of District Health Boards now have contracts with Health Support or ProPharma hospital division.

The senior executive team, whilst having a primary business unit responsibility now form part of a group wide project team. This allows all businesses to benefit from their vast range of skills and focus on new ideas that will enhance growth.

Growth Initiatives

- Our EBOS NZ Healthcare team have a renewed focus on medical specialty areas where we see the opportunity to either become the number one or two player or provide a unique technical/price advantage. Our focus is on the surgical market. This initiative once successful will be launched in Australia as well and is likely to influence some of our future acquisition plans.
- AUSTRALIA
We have mentioned earlier in this report that we are a small player in the Australian Healthcare market. Having said that, our success in the two key areas we compete in has been impressive.



We are currently in the midst of a project to combine all support services and logistics for our Vital Medical subsidiary. This is to ensure consistency with our CENTRE OF EXCELLENCE concept and to allow management to focus exclusively on customer needs and sales growth.

We will retain the Vital Medical brand.

Our dedicated infection prevention business unit started last year which markets products to the aged care and hospital sectors has grown well.

The key for Australia now, will be to expand both geographically and in market share, particularly into States where we are not either number one or two in the market. Generic growth based on the existing portfolio will not satisfy our needs, nor do justice to the size of the market opportunity.

We have the talent in-house to handle a much larger business.



Health Sector Review

Much has been written in New Zealand about the formation of new government entities which aim to reduce costs in the supply side of public hospital spend.

Our group companies are absolutely best placed in terms of market knowledge, information technology platforms and vast experience based on existing contractual arrangements. Most importantly we can offer neutrality away from specific product bias.

Group executives are working closely with key government policy and decision makers. Put simply, we have the knowledge, experience and resources to assist the government in a way that no other NZ organisation can do.

The Future

Despite a great track record we cannot look back because tomorrow will be different. What we do know is that at an operational level we are performing to world class levels and continue to drive improvements.

The sale of our scientific businesses has in itself been a major project for our small executive team and the outcome leaves the group with no debt and cash in hand.

We are now turning our attention to growth via acquisition and will apply our usual rigorous criteria around expected returns.

We have the talent pool and resources at our disposal to continue to chase our goal of becoming the leading, non multinational company in Healthcare in our region.

Mark Waller
Managing Director



Board of Directors

RICK CHRISTIE MSC (HONS), FNZID, FNZIM (68)
(Chairman)

Joined the EBOS Group Ltd Board in June 2000, and appointed chairman in April 2003. Member of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee. Mr Rick Christie is a professional director with a breadth of governance and management experience in the oil and petrol-chemical industries. Former chief executive of the diversified investment company Rangatira Ltd, a former managing director of Cable Price Downer and former chief executive of Trade New Zealand. He is the chairman of Health Support Ltd and a director of Tourism Holdings Ltd, Wakefield Health Ltd and the NZ Pork Industry Board and Board Advisor to Solnet Solutions Ltd. Previously chairman of AgResearch Ltd, deputy chairman of the Foundation for Research, Science & Technology and chairman of the Victoria University Foundation Board of Trustees. He is also a Fellow of the Royal Society of Arts, Manufacturers and Commerce in London. He is 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 (56)
(Chief Executive and Managing Director)

Mark Waller has been chief executive officer and managing director of EBOS Group Ltd since 1987. He is a member of the Remuneration Committee. He is a director of Global Science & Technology Ltd, Health Support Ltd, EBOS Group Pty Ltd, EBOS Health & Science Pty Ltd, Healthcare Distributors Pty Ltd, PRNZ Ltd and its associated companies, Quantum Scientific Pty Ltd, Vital Medical Supplies (Australia) Pty Ltd and Scott Technology Ltd.



PETER KRAUS MA (HONS), DIP ENG (59)
(Deputy Chairman)

Peter Kraus is an Auckland businessman who has been a director of EBOS Group Ltd since 1990. He is a member of the Nomination Committee. He is a director of Whyte Adder No.3 Ltd, Strand Holdings Ltd, Strand Management Ltd, Herpa Properties Ltd, Health Support Ltd, Ecostore Company Ltd, Oceania Attractions Ltd, ISL International Ltd, Hapimana Properties Ltd and Huckleberry Farms Ltd and Trustee of the Perpanida Trust and The Annalise Trust.

ELIZABETH COUTTS BMS, CA (51)

Appointed to the EBOS Group Ltd Board July 2003. She is a member of the Audit and Risk Committee and the Nomination Committee. Elizabeth Coutts is a professional director. She is a former, Chairman of Meritec Group, Chairman of Industrial Research, and Life Pharmacy Ltd, director of Air New Zealand Ltd, the Health Funding Authority and Trust Bank New Zealand, former deputy chairman of Public Trust, board member of Sport and Recreation NZ, member of the Pharmaceutical Management Agency (Pharmac), commissioner for both the Commerce and Earthquake Commissions and former external monetary policy adviser to the Governor of the Reserve Bank of New Zealand and chief executive of the Caxton Group of Companies and Carter building supply group. Her current directorships include chair of Urwin & Co Ltd, chair of the Audit, Finance and

Risk Committee of the Ministry of Health, director of Ravensdown Fertiliser Co-operative Ltd and Skellerup Holdings Ltd.

PETER MERTON BPharm (48)

Appointed to the EBOS Group Ltd Board 12 September 2007. Peter has worked in the retail, manufacturing, distribution and wholesale areas of the pharmacy industry in New Zealand, Asia and Africa since the early eighties. In 1987 he joined Zuellig Pharma in New Zealand where he worked for the Zuellig group and then API until 2005. From 1997 through 2008 he was chief executive officer of PRNZ Ltd. He is Chairman of Pharmacy Brands Ltd and a director of, Cape Healthcare Ltd, and Trustee of Pentz Trust.

SARAH OTTREY BCOM (45)

Appointed to the EBOS Group Ltd Board 18 September 2006. Sarah is a marketing specialist advising various high profile clients and is a Strategic Marketing Consultant to DB Dominion Breweries Ltd. She is a past board member of the Public Trust. Sarah has held senior marketing management positions with Unilever and DB Breweries.

MARK STEWART BCOM (47)

Appointed to the EBOS Group Ltd Board 8 September 2008. Mark commenced working for the PDL Group of Companies in 1983 from 1987 to 2001 he held senior executive roles and had directorship responsibilities, for a number of companies in the PDL Group and was Managing Director of MasterTrade Group Ltd from July 1991 until October 1994. Gaining experience in manufacturing, sales and marketing in the Asian and Australasian markets.

Since October 2001 he has been Managing Director of Masthead Ltd, the private investment vehicle of the Stewart Family. He is a director of Masthead Holdings Ltd, Masthead Ltd, Masthead Services Ltd, Masthead Investments Ltd, Masthead Portfolios Ltd, Masthead Management Ltd, Windwhistle Holdings Ltd, Forwood Forestry Ltd, Southern Excursions Ltd, Stravon Safaries Ltd, Twinmark Investments Ltd (in liq.), Python Portfolios Ltd, Woodbent Hill Ltd, Laindon Ltd, Andos Holdings Ltd, Anaconda Ltd, Proteus Group Holdings Ltd, Medusa Ltd, Lesley Hills Holdings Ltd, Newco No1 Ltd and Ziwipeak Ltd. Alternate director of Wakefield Health Ltd.

BARRY WALLACE MCOM (HONS), CA (57)

Appointed to the EBOS Group Ltd Board October 2001. He is chairman of the Audit and Risk Committee and member of the Remuneration Committee. Barry Wallace is a chartered accountant with a background in financial management with companies such as Rank Xerox New Zealand Ltd and David Reid Electronics. He is a former chief executive of Health Support Ltd.

He is the financial manager for a private group of companies. He is a director of Whyte Adder No.3 Ltd, Strand Holdings Ltd, Strand Management Ltd, Herpa Properties Ltd, Health Support Ltd, Global Science & Technology Ltd, PRNZ Ltd and its associated companies, Ecostore Company Ltd, Eco Tech Solutions Ltd, Oceania Attractions Ltd, ISL International Ltd, Hapimana Properties Ltd, Huckleberry Farms Ltd and Allum Management Services Ltd and a Trustee of The Perpanida Trust and The Annalise Trust.

The above named Directors held office during the year and since the end of the financial year.



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 Officer/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; Peter Kraus; Elizabeth Coutts; Peter Merton; Sarah Ottrey; Mark Stewart and Barry Wallace. It has one executive director Mark Waller, Chief Executive Officer/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 their responsibility 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 on page 20 shows attendances at the board and committee meetings during the year ended 30 June 2010.

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. All trading must be conducted within two prescribed trading windows. These periods commence from the date on which the annual result and half-yearly results are announced and conclude on the following 30 November and 30 April respectively.

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.



Director's Report

Your Directors are pleased to submit to shareholders their report and financial statements for the year ended 30 June 2010.

Principal activities

EBOS Group Limited (the Company) is listed on the NZSX board of the New Zealand Exchange (NZX) under the securities code EBO. EBOS Group is the largest New Zealand owned independent national distributor and marketer of medical, and scientific supplies in New Zealand. Significant business operations are also conducted in Australia, Papua New Guinea and the Pacific. The company markets world class healthcare and scientific brands sourced from leading international manufacturers.

EBOS operates in two key business segments being Healthcare and Scientific

Healthcare incorporates the sales and marketing of healthcare products to a wide range of sectors and the provision of wholesale distribution services of health sector consumables, pharmaceuticals and 'over-the-counter' products.

Scientific incorporates the sale and marketing of laboratory consumables, life sciences equipment and the provision of technical support to industry and research laboratories.

On 5 August 2010 the Company entered into an agreement to sell the Scientific operating business segment. The transaction is subject to the satisfaction of certain conditions, with the completion date being 1 September 2010. On settlement the cash proceeds of the sale will exceed the carrying value of the Scientific operating business segment.

Issued capital

As at 30 June 2010 the Company had on issue 50,795,751 ordinary fully paid shares, with 1,814,952 shares issued during the year.

Group results

Annual group operating revenue was NZ\$1,373m in the year ended 30 June 2010 (2009 \$1,343m). Operating profit before finance costs and tax of NZ\$41.5m (2009 \$34.7m) was earned for the year ended 30 June 2010. The net profit for the period after interest and tax was \$25.4m before the additional deferred tax expense of \$1.9m resulting from the impact of New Zealand Government tax legislation announced May 2010 on depreciation of buildings (2009 \$19.7m). Earnings per share were 47.0 cents (2009 41.1 cents).

Operating cash flow of \$41.8m (2009 \$33.3m) was generated in the year.

Distribution

The Directors approved a final distribution of 17.5 cents per share making a total of 31 cents per share for the year (2009 25 cents per share). Bonus shares under the Distribution Plan will be issued on 8 October 2010.

Directors

Rick Christie; Peter Merton and Elizabeth Coutts retire by rotation in accordance with the Company's constitution and being eligible offer themselves for re-election.

Directors' interests

Share dealings by Directors

The Directors tabled on page 19 have disclosed to the Board under section 148(2) of the Companies Act 1993 particulars of acquisitions of dispositions of relevant interests in ordinary shares during the year – refer table on page 19.

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, Health Support Ltd, and South Port New Zealand Ltd, and Director of Tourism Holdings Ltd, Wakefield Health Ltd and NZ Pork Industry Board and Board Advisor to Solnet Solutions Ltd.

P.F. Kraus: Director of Whyte Adder No.3 Ltd, Strand Holdings Ltd, Strand Management Ltd, Herpa Properties Ltd, Health Support Ltd, Ecostore Company Ltd, Oceania Attractions Ltd, ISL International Ltd, Hapimana Properties Ltd and Huckleberry Farms Ltd and Trustee of the Perpanida Trust and the Annalise Trust.

E.M. Coutts: Chair of Urwin & Co Ltd, Chair Audit, Finance and Risk Committee of the Ministry of Health, and Director of Ravensdown Fertiliser Co-operative Ltd, and Skellerup Holdings Ltd.

P.M. Merton: Chairman of Pharmacy Brands Ltd, and Director of Cape Healthcare Ltd, and Trustee of Pentz Trust.

S.C. Ottrey: Strategic Marketing Consultant to DB Dominion Breweries Ltd.

M.J. Stewart: Director of Masthead Holdings Ltd, Masthead Ltd, Masthead Services Ltd, Masthead Investments Ltd, Masthead Portfolios Ltd, Masthead Management Ltd, Windwhistle Holdings Ltd, Forwood Forestry Ltd, Southern Excursions Ltd, Stravon Safaries Ltd, Twinmark Investments Ltd (in Liq.), Python Portfolios Ltd, Woodbent Hill Ltd, Laindon Ltd, Andos Holdings Ltd, Anaconda Ltd, Proteus Group Holdings Ltd, Medusa Ltd, Lesley Hills Holdings Ltd, and Newco No1 Ltd and Ziwipeak Ltd. Alternate Director of Wakefield Health Limited.

B.J. Wallace: Director of Allum Management Services Ltd, Global Science and Technology Ltd, Health Support Ltd, PRNZ Ltd and its associated companies, Whyte Adder No.3 Ltd, Strand Holdings Ltd, Strand Management Ltd, Herpa Properties Ltd, Ecostore Company Ltd, Eco Tech Solutions Ltd, Oceania Attractions Ltd, ISL International Ltd, Hapimana Properties Ltd and Huckleberry Farms Ltd and Trustee of the Perpanida Trust and The Annalise Trust.

M.B. Waller: Director of Global Science and Technology Ltd, Health Support Ltd, EBOS Health & Science Pty Ltd, EBOS Group Pty Ltd, Healthcare Distributors Pty Ltd, PRNZ Ltd and its associated companies, Quantum Scientific Pty Ltd, Scott Technology Ltd, and Vital Medical Supplies (Australia) Pty Ltd.

Directors' Report & Disclosures

Use of Company information

During the year the Board received 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	1,910	\$11,160	October 2009
	1,779	\$10,954	April 2010
Issue of restricted staff shares	46,300	\$138,905	June 2010
Maturing staff shares	(31,345)	Nil	To June 2010
E M Coutts - Held by associated persons	450	\$2,628	October 2009
	408	\$2,512	April 2010
P F Kraus	25	\$146	October 2009
	23	\$142	April 2010
P F Kraus - Held by associated persons	86,694	\$506,577	October 2009
	16,395	\$95,800	October 2009
	78,496	\$483,338	April 2010
	14,845	\$91,408	April 2010
S C Ottrey - Held by associated persons	114	\$665	October 2009
	104	\$640	April 2010
P M Merton - Held by associated persons	40,045	\$233,994	October 2009
	36,258	\$232,258	April 2010
	(500,000)	(\$3,125,000)	April 2010
M J Stewart - Non beneficially held	122,543	\$716,052	October 2009
Director of Python Portfolios Ltd	110,955	\$683,203	April 2010
M B Waller - Held by associated persons	480	\$2,803	October 2009
	9,314	\$57,351	April 2010
Non beneficially held	1,910	\$11,160	October 2009
	1,779	\$10,954	April 2010
Issue of restricted staff shares	46,300	\$138,900	June 2010
Maturing staff shares	(31,345)	Nil	To June 2010
B.J. Wallace			
Non beneficially held - Director of Whyte	86,694	\$506,577	October 2009
Adder No.3 Ltd	16,395	\$95,800	October 2009
Director of Herpa	78,496	\$483,338	April 2010
Properties Ltd	14,845	\$91,408	April 2009



Director's Report continued

Directors' Report & Disclosures

Use of Company information continued

Directors' shareholdings

Number of fully paid shares held as at	30 June 2010	30 June 2009
E M Coutts	19,010	18,152
R G M Christie - Non beneficially held - Staff share purchase scheme	189,620	170,976
P F Kraus	1,048	1,000
- Held by associated persons	4,350,728	4,154,297
P M Merton - Held by associated persons	1,190,028	1,613,725
S C Ottrey - Held by associated persons	4,808	4,590
M J Stewart - Non beneficially held - Director of Python Portfolios Ltd	5,171,766	4,938,268
B J Wallace - Non beneficially held - Director of Whyte Adder No.3 Ltd/ Herpa Properties Ltd	4,350,728	4,154,297
M B Waller - Held by associated persons	434,006	424,212
- Non beneficially held - Staff share purchase scheme	189,620	170,976

Attendance

	Board*		Audit & Risk Committee		Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
R Christie	9	9	3	3	1	1
P Kraus	9	6	-	-	-	-
E Coutts	9	9	3	3	-	-
P Merton	9	9	-	-	-	-
S Ottrey	9	9	-	-	-	-
M Stewart	9	8	-	-	-	-
B Wallace	9	9	3	3	1	1
M Waller	9	9	3	3	1	1

*includes attendance by directors at subsidiary company board meetings.

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 2010 were as follows:

EBOS GROUP LIMITED		30 June 2010	30 June 2009
R.G.M. Christie		\$106,000	\$106,000
P.F. Kraus		\$75,000	\$75,000
E.M. Coutts		\$53,000	\$53,000
P. Merton		\$50,000	\$25,000
M.J. Stewart		\$50,000	\$40,625
S.C. Ottrey		\$50,000	\$50,000
B.J. Wallace		\$56,000	\$56,000
M.B. Waller			
(Chief Executive Officer and Managing Director)	Salary	\$470,420	\$455,000
	* Other benefits	\$1,229,000	\$875,000

*Includes performance bonus and other emoluments

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

Remuneration (NZ\$)Number of Employees	2010	2009
100,000 - 110,000	27	18
110,000 - 120,000	19	11
120,000 - 130,000	10	14
130,000 - 140,000	11	6
140,000 - 150,000	-	12
150,000 - 160,000	8	5
160,000 - 170,000	7	1
170,000 - 180,000	3	1
190,000 - 200,000	2	2
200,000 - 210,000	-	1
220,000 - 230,000	-	1
230,000 - 240,000	1	2
240,000 - 250,000	1	1
250,000 - 260,000	1	1
260,000 - 270,000	-	2
290,000 - 300,000	1	-
330,000 - 340,000	1	-
340,000 - 350,000	1	-
380,000 - 390,000	1	-
440,000 - 450,000	-	1
500,000 - 510,000	-	1
520,000 - 530,000	1	-
550,000 - 560,000	1	-

Auditors

The Company's Auditors, 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 auditors are outlined in note 5 to the financial statements.



R.G.M. Christie
Chairman
26 August 2010



M.B. Waller
Managing Director

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 2010.

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 2010 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:



Rick Christie
Chairman



Mark Waller
Chief Executive Officer and Managing Director

26 August 2010

**AUDIT REPORT
TO THE SHAREHOLDERS OF EBOS GROUP LIMITED**

We have audited the financial statements on pages 24 to 66. The financial statements provide information about the past financial performance and financial position of EBOS Group Limited and group as at 30 June 2010. This information is stated in accordance with the accounting policies set out on pages 28 to 35.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of EBOS Group Limited and group as at 30 June 2010 and of the results of operations and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the company and group circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by EBOS Group Limited as far as appears from our examination of those records; and
- the financial statements on pages 24 to 66:
 - 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 2010 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 26 August 2010 and our unqualified opinion is expressed as at that date.



Chartered Accountants
CHRISTCHURCH, NEW ZEALAND.

This audit report relates to the financial statements of EBOS Group Limited for the year ended 30 June 2010 included on EBOS Group Limited's website. The Board of Director's is 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 financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these 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 audited financial statements and related audit report dated 26 August 2010 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

EBOS Group Limited
Income Statement

For the Financial Year ended 30 June, 2010

	Notes	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Revenue	2 (a)	1,373,367	1,344,946	81,848	78,519
Profit before depreciation, amortisation, finance costs and income tax expense		45,744	38,711	16,188	13,811
Depreciation	2 (b)	(3,688)	(3,364)	(445)	(446)
Amortisation of finite life intangibles	2 (b)	(504)	(644)	-	-
Profit before finance costs and tax		41,552	34,703	15,743	13,365
Finance costs	2 (b)	(5,702)	(7,926)	(3,429)	(4,687)
Profit before income tax (expense)/credit	2 (b)	35,850	26,777	12,314	8,678
Income tax (expense)/credit	3	(12,413)	(7,050)	(1,679)	1,395
Profit for the period		23,437	19,727	10,635	10,073
Earnings per share:					
Basic (cents per share)	25	47.0	41.1		
Diluted (cents per share)	25	47.0	41.1		

EBOS Group Limited
Statement of Comprehensive Income

For the Financial Year ended 30 June, 2010

	Notes	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Profit for the period		23,437	19,727	10,635	10,073
Other comprehensive income					
Cash flow hedges gains/(losses)	21	1,285	(2,555)	866	(1,570)
Related income tax to cashflow hedges	21	(386)	729	(260)	471
(Losses) on translation of foreign operations	21	(470)	(458)	-	-
Total comprehensive income net of tax		23,866	17,443	11,241	8,974

EBOS Group Limited
Balance Sheet

As at 30 June, 2010

	Notes	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Current assets					
Cash and cash equivalents		56,484	33,609	18,175	1,845
Trade and other receivables	6	148,178	150,720	8,718	10,430
Prepayments	7	2,581	2,203	1,116	1,018
Inventories	8	128,484	127,380	7,955	9,100
Current tax refundable	3	458	562	53	23
Other financial assets - derivatives	9	105	-	105	-
Advances to subsidiaries		-	-	4,648	11,878
Finance leases		102	108	102	108
Total current assets		336,392	314,582	40,872	34,402
Non-current assets					
Property, plant and equipment	10	17,570	19,444	4,267	4,386
Capital work in progress	11	245	-	-	-
Finance leases		-	57	-	57
Prepayments	7	1,179	856	-	-
Deferred tax assets	3	5,297	6,540	1,190	2,433
Goodwill	12	133,741	133,915	1,728	1,728
Indefinite life intangibles	13	23,714	23,730	4,960	4,960
Finite life intangibles	14	205	709	-	-
Shares in subsidiaries	15	-	-	128,630	128,630
Total non-current assets		181,951	185,251	140,775	142,194
Total assets		518,343	499,833	181,647	176,596
Current liabilities					
Bank overdraft	16	-	3	-	3
Trade and other payables	17	248,855	239,457	7,779	7,376
Finance leases	16, 18	176	551	20	27
Bank loans	16	-	2,250	-	1,000
Current tax payable	3	5,577	3,678	-	-
Employee benefits		5,578	4,767	2,339	1,612
Other financial liabilities - derivatives	19	1,512	3,550	1,083	2,691
Advances from subsidiaries	16	-	-	12,842	5,072
Total current liabilities		261,698	254,256	24,063	17,781
Non-current liabilities					
Bank loans	16	59,017	70,000	28,000	38,000
Trade and other payables	17	4,770	4,936	-	-
Deferred tax liabilities	3	9,148	7,612	2,151	1,488
Finance leases	16, 18	18	186	-	20
Employee benefits		902	804	-	-
Total non-current liabilities		73,855	83,538	30,151	39,508
Total liabilities		335,553	337,794	54,214	57,289
Net assets		182,790	162,039	127,433	119,307
Equity					
Share capital	20	106,000	105,861	106,000	105,861
Foreign currency translation reserve	21	1,116	1,586	-	-
Retained earnings	21	76,738	56,555	22,191	14,810
Cash flow hedge reserve	21	(1,064)	(1,963)	(758)	(1,364)
Total equity		182,790	162,039	127,433	119,307

EBOS Group Limited
Statement of Changes in Equity

For the Financial Year ended 30 June, 2010

	Notes	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Equity at start of period		162,039	147,304	119,307	113,041
Total comprehensive income net of tax		23,866	17,443	11,241	8,974
Dividends paid to company shareholders	22	(3,254)	(2,817)	(3,254)	(2,817)
Shares issued	20	139	109	139	109
Equity at end of period		182,790	162,039	127,433	119,307

EBOS Group Limited
Cash Flow Statement

For the Financial Year ended 30 June, 2010

	Notes	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Cash flows from operating activities					
Receipts from customers		1,373,841	1,343,550	70,065	64,679
Interest received		942	878	538	688
Dividends received from subsidiaries		-	-	12,935	11,350
Payments to suppliers and employees		(1,319,253)	(1,298,807)	(64,242)	(59,272)
Taxes (paid)/refunded		(8,015)	(4,385)	(62)	1,254
Interest paid		(5,702)	(7,926)	(3,429)	(4,687)
Net cash inflow from operating activities	24c	41,813	33,310	15,805	14,012
Cash flows from investing activities					
Sale of property, plant & equipment		257	2,969	-	156
Advances from subsidiaries		-	-	7,770	-
Purchase of property, plant & equipment		(2,656)	(1,867)	(357)	(602)
Payments for capital work in progress		(245)	(916)	-	-
Advances to subsidiaries		-	-	7,230	(21)
Businesses acquired	24a	-	(1,452)	-	-
Net cash (outflow)/inflow from investing activities		(2,644)	(1,266)	14,643	(467)
Cash flows from financing activities					
Proceeds from issue of shares		139	109	139	109
Repayment of borrowings		(13,000)	(11,600)	(11,000)	(9,100)
Dividends paid to equity holders of parent	22	(3,254)	(2,817)	(3,254)	(2,817)
Net cash (outflow) from financing activities		(16,115)	(14,308)	(14,115)	(11,808)
Net increase in cash held		23,054	17,736	16,333	1,737
Effect of exchange rate fluctuations on cash held		(176)	11	-	-
Net cash and cash equivalents at beginning of the year		33,606	15,859	1,842	105
Net cash and cash equivalents at the end of the year		56,484	33,606	18,175	1,842
Cash and cash equivalents		56,484	33,609	18,175	1,845
Bank overdrafts		-	(3)	-	(3)
		56,484	33,606	18,175	1,842

1. SUMMARY OF ACCOUNTING POLICIES

1.1 Statement of Compliance

EBOS Group Ltd (“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 Scientific – Healthcare incorporates the sale of healthcare products in a range of sectors, own brands, retail healthcare and wholesale activities, and Scientific incorporates the sale of laboratory consumables, life sciences equipment and technical support to industry and research laboratories.

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, 2010 and the comparative information presented in these financial statements for the year ended 30 June, 2009.

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 ongoing 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 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. SUMMARY OF ACCOUNTING POLICIES cont.

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.

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum period of one year.

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.

1. SUMMARY OF ACCOUNTING POLICIES cont.

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 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 8 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.

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.

1. SUMMARY OF ACCOUNTING POLICIES cont.

f) *Property, plant, and equipment (cont.)*

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

- Buildings 20 to 100 years
- Leasehold improvements 2 to 15 years
- Plant 2 to 20 years
- Office equipment, furniture and fittings 2 to 10 years
- Motor vehicles 4 to 5 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, and interest in joint ventures, 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.

1. SUMMARY OF ACCOUNTING POLICIES cont.

h) Taxation (cont.)

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.

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 and 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.

1. SUMMARY OF ACCOUNTING POLICIES cont.

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 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.

Loans and Receivables

Trade and other receivables 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.

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:

Other Financial Liabilities

Trade and other payables 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.

1. SUMMARY OF ACCOUNTING POLICIES cont.

m) Financial Instruments (cont.)

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 ongoing 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 deferred in equity. 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.

1. SUMMARY OF ACCOUNTING POLICIES cont.

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 statement of financial position. 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 has adopted NZ IFRS 8 Operating Segments, with effect from 1 July 2009. NZ IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (NZ IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

r) New standards and Interpretations

The following new accounting standards have impacted current year disclosures and accounting policies in the financial statements.

NZ IAS 1- Presentation of Financial Statements (revised 2007)

This has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In particular there is a new Statement of Comprehensive Income.

NZ IFRS 8 - Operating Segments

This is a disclosure Standard that has resulted in minor changes to the Group's disclosures.

Amendments to NZ IFRS 7 – Financial Instruments –Disclosures

The amendments to NZ IFRS 7 expand the disclosures required in respect of liquidity risk.

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.

There were no changes to accounting policies during the year.

For the Financial Year ended 30 June, 2010

2. PROFIT

Notes	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
(a) Revenue				
Revenue consisted of the following items:				
Revenue from the sale of goods - external	1,365,417	1,334,458	57,154	56,192
Revenue from the sale of goods - inter group	-	-	10,283	9,441
Revenue from the rendering of services	5,482	6,469	-	-
Management fees - external	1,495	2,638	-	-
Management fees - inter group	-	-	483	483
Rental revenue - inter group	-	-	85	-
Interest revenue - inter group	-	-	203	513
Interest revenue - other	942	878	335	175
Royalty income - inter group	-	-	370	365
Dividends - inter group	-	-	12,935	11,350
Other revenue	31	503	-	-
	1,373,367	1,344,946	81,848	78,519
(b) Profit before income tax (expense)/credit				
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	(16)	301	(4)	61
Change in fair value of derivative financial instruments	848	(736)	848	(736)
Profit before income tax has been arrived at after charging the following expenses by nature:				
Cost of sales - external	(1,217,913)	(1,192,969)	(44,940)	(42,120)
Purchases inter group	-	-	(1,991)	(2,346)
Write-down of inventory	(1,511)	(2,097)	(391)	(940)
Finance costs:				
Bank interest	(5,059)	(7,371)	(2,978)	(4,571)
Other interest expense	(643)	(555)	(451)	(116)
Total finance costs	(5,702)	(7,926)	(3,429)	(4,687)
Net bad and doubtful debts arising from:				
Impairment loss on trade & other receivables	(445)	(549)	(30)	(6)
Depreciation of property, plant and equipment	10 (3,688)	(3,364)	(445)	(446)
Amortisation of finite life intangibles	14 (504)	(644)	-	-
Operating lease rental expenses:				
Minimum lease payments	(7,165)	(7,029)	(875)	(835)
Donations	(46)	(42)	(16)	(7)
Employee benefit expense	(58,531)	(59,762)	(10,552)	(9,704)
Other expenses	(42,844)	(43,352)	(7,709)	(8,075)
Total expenses	(1,338,349)	(1,317,734)	(70,378)	(69,166)
Profit before income tax expense	35,850	26,777	12,314	8,678

3. INCOME TAXES

Notes	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
(a) Income tax recognised in income statement				
Tax expense/(credit) comprises:				
Current tax expense:				
Current year	11,573	8,998	-	-
Adjustments for prior years	(1,583)	(10)	-	3
Other adjustments	32	65	33	36
	10,022	9,053	33	39
Deferred tax expense/(credit):				
Origination and reversal of temporary differences	915	(2,024)	219	(1,408)
Adjustments for prior years	1,844	21	1,475	(26)
Adjustments related to changes in tax rates or imposition of new taxes	(368)	-	(48)	-
	2,391	(2,003)	1,646	(1,434)
Total income tax expense/(credit)	12,413	7,050	1,679	(1,395)

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 expense	35,850	26,777	12,314	8,678
Income tax expense calculated at 30%	10,755	8,033	3,694	2,603
Non-deductible expenses/(non-assessable income)	67	(524)	(3,841)	(3,658)
Effect of differences arising from investment interests in other jurisdictions	(346)	(353)	(346)	(353)
Effect of reduction of tax base of buildings	1,974	-	712	-
Under/(over) provision of income tax in previous year	261	11	1,475	(23)
Adjustments related to changes in tax rates	(368)	-	(48)	-
Other adjustments	70	(117)	33	36
Total income tax expense/(credit)	12,413	7,050	1,679	(1,395)

The tax rates used are principally the corporate tax rates of 30% (2009: 30%) payable by New Zealand and Australian corporate entities on taxable profits under tax law in each jurisdiction.

The tax legislation announcement made by the New Zealand Government in May 2010 has impacted on the deferred tax expense/(credit) for the current period as follows:

1. The tax rate for depreciation on buildings, which have a life of 50 years or greater was reduced to zero for periods from and including 2012. The effect of this is an additional deferred tax expense in the current period of \$1,974,000 (group), \$712,000 (parent).
2. The Company income tax rate is to reduce to 28% (currently 30%) for the period from and including the 2012 year. The impact of this change in tax rates has resulted in a deferred tax credit in the current period of \$368,000 (group), \$48,000 (parent).

For the Financial Year ended 30 June, 2010

3. INCOME TAXES cont.

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
(b) Current tax assets and liabilities				
Current tax assets:				
Current tax refundable	458	562	53	23
Current tax liabilities:				
Current tax payable	5,577	3,678	-	-
(c) Deferred tax balance				
Deferred tax assets comprise:				
Temporary differences	5,297	6,540	1,190	2,433
Deferred tax liabilities comprise:				
Temporary differences	(9,148)	(7,612)	(2,151)	(1,488)
	(3,851)	(1,072)	(961)	945

Taxable and deductible temporary differences arise from the following:

2010	Opening balance \$'000	Charged to income \$'000	Group Charged to equity \$'000	Closing balance \$'000
Gross deferred tax liabilities:				
Property, plant & equipment	(63)	(1,830)	-	(1,893)
Provisions	(18)	18	-	-
Intangible assets	(7,531)	276	-	(7,255)
	(7,612)	(1,536)	-	(9,148)
Gross deferred tax assets:				
Property, plant & equipment	256	77	-	333
Provisions	3,454	226	-	3,680
Doubtful debts & impairment losses	517	56	-	573
Other financial liabilities – derivatives	846	(4)	(388)	454
Other	1,467	(1,210)	-	257
	6,540	(855)	(388)	5,297
		(2,391)	(388)	

3. INCOME TAXES cont.

	Opening balance \$'000	Charged to income \$'000	Group Charged to equity \$'000	Closing balance \$'000
2009				
Gross deferred tax liabilities:				
Property, plant & equipment	(244)	181	-	(63)
Provisions	(18)	-	-	(18)
Intangible assets	(7,534)	3	-	(7,531)
	(7,796)	184	-	(7,612)
Gross deferred tax assets:				
Property, plant & equipment	45	211	-	256
Provisions	2,953	501	-	3,454
Doubtful debts & impairment losses	635	(118)	-	517
Other financial liabilities – derivatives	113	4	729	846
Other	246	1,221	-	1,467
	3,992	1,819	729	6,540
		2,003	729	
2010				
Gross deferred tax liabilities:				
Property, plant & equipment	-	(663)	-	(663)
Intangible assets	(1,488)	-	-	(1,488)
	(1,488)	(663)	-	(2,151)
Gross deferred tax assets:				
Property, plant & equipment	11	(11)	-	-
Provisions	337	230	-	567
Doubtful debts & impairment losses	41	-	-	41
Other financial liabilities – derivatives	585	-	(260)	325
Tax losses carried forward	1,459	(1,202)	-	257
	2,433	(983)	(260)	1,190
		(1,646)	(260)	

For the Financial Year ended 30 June, 2010

3. INCOME TAXES cont.

2009	Opening balance \$'000	Charged to income \$'000	Parent Charged to equity \$'000	Closing balance \$'000
Gross deferred tax liabilities:				
Intangible assets	(1,488)	-	-	(1,488)
Gross deferred tax assets:				
Property, plant & equipment	21	(10)	-	11
Provisions	218	119	-	337
Doubtful debts & impairment losses	175	(134)	-	41
Other financial liabilities – derivatives	113	-	472	585
Tax losses carried forward	-	1,459	-	1,459
	527	1,434	472	2,433
		1,434	472	

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 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
(d) Imputation credit account balances				
Balance at beginning of the period	4,624	4,808	(1,604)	(2,628)
Attached to dividends received	3,857	3,064	3,857	3,064
Taxation paid	4,301	2,710	62	(1,254)
Attached to dividends paid	(5,222)	(3,792)	(1,365)	(727)
Other credits	8	244	-	118
Other debits	(723)	(2,410)	(700)	(177)
Balance at end of the period	6,845	4,624	250	(1,604)
Imputation credits available directly and indirectly to shareholders of the parent company, through				
Parent company	250	(1,604)		
Subsidiaries	6,595	6,228		
	6,845	4,624		

4. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Short-term employee benefits	6,539	4,340	4,451	2,686
Post-employment benefits	266	227	266	227
	6,805	4,567	4,717	2,913

5. REMUNERATION OF AUDITORS

Auditor of the parent entity (Deloitte)

Audit of the financial statements	404	403	61	115
Due diligence	36	-	36	-
Information technology services	64	75	64	75
	504	478	161	190

6. TRADE & OTHER RECEIVABLES

Trade receivables (i)	148,819	151,104	8,717	10,475
Other receivables	707	750	139	93
Allowance for impairment (ii)	(1,348)	(1,134)	(138)	(138)
	148,178	150,720	8,718	10,430

(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 ProPharma Pharmacy business unit generally holds collateral over its trade receivables balances.

(ii) Allowance for Impairment

Balance at the beginning of the year	(1,134)	(718)	(138)	(138)
Impairment loss recognised on trade receivables	(593)	(549)	(30)	(7)
Amounts written off as uncollectible	231	138	30	7
Amounts recovered during year	-	(5)	-	-
Impairment losses reversed	148	-	-	-
	(1,348)	(1,134)	(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.

For the Financial Year ended 30 June, 2010

6. TRADE & OTHER RECEIVABLES cont.

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
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(iii) Aging of impaired trade and other receivables

90 days+	(1,348)	(1,134)	(138)	(138)
	(1,348)	(1,134)	(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 \$15,672,000 (2009: \$21,855,000) and parent \$2,522,000 (2009: \$3,330,000) 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.

30 - 60 days	10,454	14,682	1,443	1,554
60 - 90 days	2,458	3,386	149	574
90 days+	2,760	3,787	930	1,202
	15,672	21,855	2,522	3,330

7. PREPAYMENTS

Current portion	2,581	2,203	1,116	1,018
Term portion	1,179	856	-	-
	3,760	3,059	1,116	1,018

8. INVENTORIES

Finished Goods

At cost	128,484	127,380	7,955	9,100
	128,484	127,380	7,955	9,100

9. OTHER FINANCIAL ASSETS - DERIVATIVES

At fair value:

Foreign currency forward contracts (i)	105	-	105	-
	105	-	105	-

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

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land at cost \$'000	Buildings at cost \$'000	Group Leasehold improv. at cost \$'000	Plant and vehicles at cost \$'000	Office equip. furniture & fittings at cost \$'000	Total \$'000
Gross carrying amount						
Balance at 1 July, 2008	3,251	10,026	2,640	8,016	11,039	34,972
Additions	-	124	26	1,077	2,078	3,305
Disposals	(1,356)	(1,197)	(599)	(672)	(705)	(4,529)
Acquisitions through business combinations	-	-	3	57	22	82
Net foreign currency exchange differences	-	-	(11)	(39)	(37)	(87)
Balance at 30 June, 2009	1,895	8,953	2,059	8,439	12,397	33,743
Additions	-	80	16	888	1,136	2,120
Disposals	-	-	(26)	(1,536)	(1,172)	(2,734)
Net foreign currency exchange differences	-	-	(7)	(39)	(35)	(81)
Balance at 30 June, 2010	1,895	9,033	2,042	7,752	12,326	33,048
Accumulated depreciation						
Balance at 1 July, 2008	-	(1,333)	(696)	(3,368)	(7,472)	(12,869)
Disposals	-	141	522	527	697	1,887
Depreciation expense	-	(298)	(393)	(1,143)	(1,530)	(3,364)
Net foreign currency exchange differences	-	-	9	14	24	47
Balance at 30 June, 2009	-	(1,490)	(558)	(3,970)	(8,281)	(14,299)
Disposals	-	-	20	1,248	1,191	2,459
Depreciation expense	-	(284)	(415)	(1,231)	(1,758)	(3,688)
Net foreign currency exchange differences	-	-	5	21	24	50
Balance at 30 June, 2010	-	(1,774)	(948)	(3,932)	(8,824)	(15,478)
Net book value						
As at 30 June, 2009	1,895	7,463	1,501	4,469	4,116	19,444
As at 30 June, 2010	1,895	7,259	1,094	3,820	3,502	17,570

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10. PROPERTY, PLANT & EQUIPMENT cont.

	Freehold land at cost \$'000	Buildings at cost \$'000	Parent Leasehold improv. at cost \$'000	Plant and vehicles at cost \$'000	Office equip. furniture & fittings at cost \$'000	Total \$'000
Gross carrying amount						
Balance at 1 July, 2008	698	2,711	209	1,115	1,701	6,434
Additions	-	124	9	167	275	575
Disposals	(4)	-	(16)	(446)	(669)	(1,135)
Balance at 30 June, 2009	694	2,835	202	836	1,307	5,874
Additions	-	78	2	162	89	331
Disposals	-	-	(7)	(307)	(39)	(353)
Balance at 30 June, 2010	694	2,913	197	691	1,357	5,852
Accumulated depreciation						
Balance at 1 July, 2008	-	(15)	(115)	(797)	(1,155)	(2,082)
Disposals	-	-	16	355	669	1,040
Depreciation expense	-	(95)	(19)	(164)	(168)	(446)
Balance at 30 June, 2009	-	(110)	(118)	(606)	(654)	(1,488)
Disposals	-	-	7	302	39	348
Depreciation expense	-	(97)	(19)	(123)	(206)	(445)
Balance at 30 June, 2010	-	(207)	(130)	(427)	(821)	(1,585)
Net book value						
As at 30 June, 2009	694	2,725	84	230	653	4,386
As at 30 June, 2010	694	2,706	67	264	536	4,267

Group plant includes finance leases capitalised with a cost of \$1,394,000 (2009: \$1,398,000) and book value of \$217,000 (2009: \$728,000). Parent plant includes finance leases capitalised with a cost of \$134,000 (2009: \$134,000) and book value of \$Nil (2009: \$25,000).

Land and buildings in Auckland with a carrying value of \$5,751,000 (2009: \$5,939,000) were last valued on 30 June 2010 and determined by Telfer Young (Auckland) Limited, in accordance with NZ IAS16, to have a fair value of \$9,600,000 (2009: \$9,600,000).

Land and buildings in Christchurch with a carrying value of \$3,400,000 (2009: \$3,419,000) were acquired during the last three years and are stated at cost less depreciation.

Land and buildings in Wellington with a 2008 carrying value of \$2,427,000 were sold in December 2008 for \$2,785,000.

10. PROPERTY, PLANT & EQUIPMENT cont.

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Aggregate depreciation recognised as an expense during the year:				
Buildings	284	298	97	95
Leasehold improvements	415	393	19	19
Plant and vehicles	1,231	1,143	123	164
Office equipment, furniture & fittings	1,758	1,530	206	168
	3,688	3,364	445	446

11. CAPITAL WORK IN PROGRESS

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Capital work in progress	245	-	-	-

The capital work in progress relates to software development. The total cost to complete the project is \$975,000 (2009: Nil).

12. GOODWILL

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Gross carrying amount				
Balance at beginning of financial year	133,915	133,062	1,728	1,728
Additional amounts recognised from business combinations occurring during the period	-	1,131	-	-
Effects of foreign currency exchange differences	(174)	(278)	-	-
Net book value	133,741	133,915	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 Hospital Procurement and logistic services (Health Support Limited) – Logistics NZ.
- Australasia Scientific Supplies (Global Science & Technology Limited) – Scientific.
- New Zealand Pharmacy Wholesaler and Logistic Services (PRNZ Limited) – Pharmacy/Logistics NZ

For the Financial Year ended 30 June, 2010

12. GOODWILL cont.

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

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Healthcare Australia	16,629	16,775	-	-
Healthcare NZ (Parent)	1,728	1,728	1,728	1,728
Healthcare - Logistics NZ Wholesale	1,468	1,468	-	-
Scientific	20,341	20,369	-	-
Healthcare – Pharmacy NZ Wholesale	93,575	93,575	-	-
	133,741	133,915	1,728	1,728

During the year ended 30 June 2010, management have determined that there is no impairment of any of the cash generating units containing goodwill (2009: Nil).

The recoverable amounts (i.e. higher of value in use and fair value less costs to sell) of those units with the exception of Scientific which has been determined at fair value less cost to sell, 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 and Healthcare NZ – Maintaining market share and gross margin being maintained during a period of high volatility in foreign currency during the budget period.

Logistics NZ and Pharmacy/Logistics NZ – Maintaining market share and controlling operational costs during the budget period.

Gross margins during the period for Healthcare Australia, Healthcare NZ, Logistics NZ and Pharmacy/Logistics NZ are estimated by management based on average gross margins achieved before the start of the budget period. Market shares during the budget 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 budgets approved by management covering a five year period.

Annual growth rates of 2% to 5% (2009: 2% to 5%), which is below current historical growth rates; an allowance of 2% (2009: 2%) for inflation to expenses, and pre tax discount rates of 14.2% to 14.3% (2009: 14.2% to 14.8%) have been applied to these projections. Cash flows beyond the five year period have been extrapolated using a steady 2% (2009: 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

	Natures Kiss \$'000	Allersearch \$'000	Group Licenblaster \$'000	Trademarks \$'000	Total \$'000
Gross carrying amount					
Balance at 1 July, 2008	2,390	2,570	1,556	17,240	23,756
Net foreign currency exchange differences	-	-	(26)	-	(26)
Balance at 30 June, 2009	2,390	2,570	1,530	17,240	23,730
Net foreign currency exchange differences	-	-	(16)	-	(16)
Balance at 30 June, 2010	2,390	2,570	1,514	17,240	23,714
Net book value					
As at 30 June, 2009	2,390	2,570	1,530	17,240	23,730
As at 30 June, 2010	2,390	2,570	1,514	17,240	23,714

	Natures Kiss \$'000	Parent Allersearch \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July, 2008	2,390	2,570	4,960
Balance at 30 June, 2009	2,390	2,570	4,960
Balance at 30 June, 2010	2,390	2,570	4,960
Net book value			
As at 30 June, 2009	2,390	2,570	4,960
As at 30 June, 2010	2,390	2,570	4,960

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

	Group	
	2010 \$'000	2009 \$'000
Healthcare Australia	4,084	4,100
Healthcare NZ (Parent)	2,390	2,390
Pharmacy/Logistics NZ	17,240	17,240
	23,714	23,730

For the Financial Year ended 30 June, 2010

13. INDEFINITE LIFE INTANGIBLES cont.

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 year ended 30 June 2010, management have determined that there is no impairment of any of the brands.

The calculation of the recoverable amounts for Natures Kiss; Allersearch and Liceblaster brands and Pharmacy/Logistics NZ Trademarks 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 4% to 5% (2009: 2% to 5%), and an allowance of 2% (2009: 2%) for inflation to expenses, and pre-tax discount rates of 14.3% to 14.6% (2009:14.3% to 14.6%) have been applied to these projections. Cash flows beyond the five-year period have been extrapolated using a steady 2% (2009:2%) 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	
	2010	2009
	\$'000	\$'000
Gross carrying amount of Supply Contracts		
Balance at beginning of financial period	1,490	1,490
Accumulated amortisation & impairment		
Balance at beginning of financial period	(781)	(137)
Amortisation expense	(504)	(644)
Balance at end of financial period	(1,285)	(781)
Net book value at end of financial period	205	709

Allocated to cash generating units as follows:

	Group	
	2010	2009
	\$'000	\$'000
Pharmacy/Logistics NZ	205	709

15. SUBSIDIARIES

Parent and Head Entity

Ebos Group Limited

Subsidiaries (all balance dates 30 June)

	Country of Incorporation	Ownership Interests and Voting Rights 2010 and 2009
Ebos Group Pty Limited	Australia	100%
Vital Medical Supplies (Australia) Pty Limited	Australia	100%
Ebos Health & Science Pty Limited	Australia	100%
Health Support Limited	New Zealand	100%
Global Science & Technology Limited	New Zealand	100%
- Quantum Scientific Pty Limited	Australia	100%
PRNZ Limited	New Zealand	100%
EBOS Limited Partnership	Australia	100%
- Healthcare Distributors Pty Limited	Australia	100%

16. BORROWINGS

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Current				
Bank overdrafts (i)	-	3	-	3
Bank loans (i)	-	2,250	-	1,000
Finance lease liabilities (ii)	176	551	20	27
Advances from Subsidiaries (at call) (iii)	-	-	12,842	5,072
	176	2,804	12,862	6,102
Non-current				
Bank loans (i)	59,017	70,000	28,000	38,000
Finance lease liabilities (ii)	18	186	-	20
	59,035	70,186	28,000	38,020
Total borrowings	59,211	72,990	40,862	44,122

- (i) Bank term loans and revolving cash advance facilities operate under a negative pledge deed provided to ANZ National Bank Limited by the parent company and its subsidiaries.
- (ii) Secured by the assets leased.
- (iii) Unsecured.

17. TRADE & OTHER PAYABLES

Current				
Trade payables	235,159	228,171	4,672	5,404
Other payables	13,696	11,286	3,107	1,972
	248,855	239,457	7,779	7,376
Non-current				
Other payables	4,770	4,936	-	-
Total trade & other payables	253,625	244,393	7,779	7,376

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18. 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 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Not later than 1 year	184	684	25	34	176	551	20	27
Later than 1 year and not later than 5 years	21	215	-	26	18	186	-	20
Minimum lease payments*	205	899	25	60	194	737	20	47
Less future finance charges	(11)	(162)	(5)	(13)	-	-	-	-
Present value of minimum lease payments	194	737	20	47	194	737	20	47
Included in the financial statements as:								
Finance leases - current portion					176	551	20	27
Finance leases - non current portion					18	186	-	20
					194	737	20	47

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

Operating leases

Leasing arrangements

Operating leases relate to certain property and equipment. 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 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Operating leases				
Non-cancellable operating lease payments				
Not longer than 1 year	6,788	6,692	844	759
Longer than 1 year and not longer than 5 years	13,371	15,288	376	719
Longer than 5 years	2,744	11,725	-	-
	22,903	33,705	1,220	1,478

19. OTHER FINANCIAL LIABILITIES - DERIVATIVES

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
At fair value:				
Foreign currency forward contracts (i)	-	742	-	742
Interest rate swaps (ii)	1,512	2,808	1,083	1,949
	1,512	3,550	1,083	2,691

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

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

20. SHARE CAPITAL

	2010 No. '000	2010 \$'000	2009 No. '000	2009 \$'000
Fully paid ordinary shares				
Balance at beginning of financial period	48,981	105,861	47,022	105,752
Issue of shares to executives and staff under employee share ownership scheme	46	139	44	109
Bonus shares issued under Profit Distribution Plan				
- October 2008	-	-	1,115	-
- April 2009	-	-	800	-
- October 2009	901	-	-	-
- April 2010	868	-	-	-
	50,796	106,000	48,981	105,861

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 339,650 (2009: 293,350) shares have been issued raising \$547,030 (2009: \$408,130).

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21. RESERVES

	Group	
	2010	2009
	\$'000	\$'000
Foreign currency translation reserve		
Balance at beginning of the period	1,586	2,044
Translation of foreign operations	(470)	(458)
Balance at end of the period	1,116	1,586

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	Group	Parent	Parent
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Retained Earnings				
Balance at beginning of the period	56,555	39,645	14,810	7,554
Profit for the period	23,437	19,727	10,635	10,073
Dividends provided for or paid (note 22)	(3,254)	(2,817)	(3,254)	(2,817)
Balance at end of the period	76,738	56,555	22,191	14,810
Cash Flow Hedge Reserve				
Balance at beginning of the period	(1,963)	(137)	(1,364)	(265)
Gain/(loss) recognised on cash flow hedges	1,285	(2,555)	866	(1,570)
Related income tax	(386)	729	(260)	471
Balance at end of the period	(1,064)	(1,963)	(758)	(1,364)

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.

22. DIVIDENDS

	2010	2010	2009	2009
	Cents per	Total	Cents per	Total
	share	\$'000	share	\$'000
Recognised amounts				
Fully paid ordinary shares				
- Final - prior year	14.5	1,853	13.5	1,504
- Interim - current year	13.5	1,401	10.5	1,313
	28.0	3,254	24.0	2,817
Unrecognised amounts				
Final dividend	17.5	2,222	14.5	1,853

A bonus share distribution of 17.5 cents per share was declared on 26 August 2010 with the shares to be issued on 8 October 2010. Shareholders may elect to sell these shares back to the Company. It is anticipated the cash impact of the sell back will be approximately \$2,222,000 (2009: \$1,853,000).

23. ACQUISITION OF BUSINESSES

Name of Business Acquired	Principal activity	Date of acquisition	Cost of acquisition \$'000
2009:			
100% of business assets of MedBio Limited	Scientific Supplies	1 July 2008	1,452
			1,452

Description of Acquisition Activity

2009

Net Assets Acquired	Book Value \$'000	MedBio Fair value adjustments \$'000	Fair value on acquisition \$'000
Current assets:			
Trade and other receivables	233	-	233
Prepayments	7	-	7
Inventories	99	-	99
Non-current assets:			
Property, plant and equipment	82	-	82
Current liabilities:			
Trade and other payables	(100)	-	(100)
Net assets acquired	321	-	321
Goodwill on acquisition	1,131	-	1,131
Consideration	1,452	-	1,452

The contribution to net surplus for the 2009 year attributable to the purchase of MedBio Limited was \$215,000.

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24. NOTES TO THE CASH FLOW STATEMENT

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
(a) Businesses acquired				
Note 23 sets out details of the businesses acquired.				
Details of the acquisitions are as follows.				
Consideration				
Cash and cash equivalents	-	1,452	-	-
	-	1,452	-	-
Represented by:				
Net assets acquired (Note 23)	-	321	-	-
Goodwill on acquisition	-	1,131	-	-
Consideration	-	1,452	-	-
Net cash outflow on acquisition				
Cash and cash equivalents consideration	-	1,452	-	-
Less cash and cash equivalents acquired	-	-	-	-
	-	1,452	-	-
(b) Financing facilities				
Financing facilities				
Bank overdraft facility, reviewed annually and payable at call:				
Amount used	-	3	-	3
Amount unused	3,561	3,567	1,250	1,247
	3,561	3,570	1,250	1,250
Bank loan facilities with various maturity dates through to August 2011				
Amount used	59,017	72,250	28,000	39,000
Amount unused	40,000	39,000	20,000	19,000
	99,017	111,250	48,000	58,000

24. NOTES TO THE CASH FLOW STATEMENT cont.

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
(c) Reconciliation of profit for the period with cash flows from operating activities				
Profit for the period	23,437	19,727	10,635	10,073
Add/(less) non-cash items:				
Depreciation	3,688	3,364	445	446
Loss/(gain) on sale of property, plant and equipment	16	(301)	4	(61)
Amortisation of finite life intangible assets	504	644	-	-
(Gain)/loss on derivatives/financial instruments	(848)	736	(848)	736
Deferred tax	2,391	(2,003)	1,646	(1,433)
Provision for doubtful debts	214	416	-	-
	5,965	2,856	1,247	(312)
Movement in working capital:				
Trade and other receivables	2,328	(710)	1,712	(1,858)
Finance lease receivables	63	58	63	58
Prepayments	(701)	906	(98)	(971)
Inventories	(1,104)	(676)	1,145	5,031
Current tax refundable/payable	2,003	4,658	(30)	1,293
Trade and other payables	9,232	6,036	403	469
Employee benefits	909	720	728	229
Foreign currency (gain)/loss on translation of working capital balances	(319)	(504)	-	-
	12,411	10,488	3,923	4,251
Movements in items treated as investing/financing activities	-	239	-	-
Net cash inflow from operating activities	41,813	33,310	15,805	14,012

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25. EARNINGS PER SHARE CALCULATION

Basic earnings per share (refer Income Statement and note 20)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Group 2010 \$'000	Group 2009 \$'000
Earnings	23,437	19,727
Weighted average number of ordinary shares for the purposes of basic earnings per share	49,841	47,996
Basic earnings per share	47.0	41.1

Diluted earnings per share (refer Income Statement and note 20)

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	Group 2010 \$'000	Group 2009 \$'000
Earnings	23,437	19,727
Weighted average number of ordinary shares for the purpose of diluted earnings per share	49,841	47,996
Diluted earnings per share	47.0	41.1

26. COMMITMENTS FOR EXPENDITURE

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
(a) Capital expenditure commitments				
Property, Plant and Equipment	975	-	-	-

(b) Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 18 to the financial statements

27. CONTINGENT LIABILITIES & CONTINGENT ASSETS

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Contingent liabilities				
Guarantees given to third parties	6,338	6,751	154	158
Guarantees arising from the deed of cross guarantee with other entities in the wholly-owned group	-	-	31,017	33,250

In August 2008 the company renegotiated its bank facilities. Bank term loans and revolving cash advance facilities operate under a negative pledge deed provided to ANZ National Bank Limited by the company and its subsidiaries. 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 companies party to that, less the liabilities recognised by the group.

A subsidiary company (PRNZ Limited) is guarantor for certain loans made to pharmacies by the ANZ National Bank Limited amounting to \$5,184,000 (2009: \$5,593,000). 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. A performance bond of up to \$1,000,000 (2009: \$1,000,000) is also held by the bank on behalf of a supplier.

28. SEGMENT INFORMATION

(a) Adoption of NZ IFRS 8 Operating Segments

The group has adopted NZ IFRS 8 Operating Segments, with effect from 1 July 2009. NZ IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (NZ IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

Following the adoption of the NZ IFRS 8, the identification of the Group's reportable segments has not changed.

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

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

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

Scientific: Incorporates the sale of laboratory consumables, life sciences equipment and technical support to industry and research laboratories.

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of NZ IFRS 8.

For the Financial Year ended 30 June, 2010

28. SEGMENT INFORMATION cont.

(c) Segment revenues and results

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

	Group 2010 \$'000	Group 2009 \$'000
Revenue from external customers		
Healthcare	1,317,481	1,278,201
Scientific	55,886	66,745
	1,373,367	1,344,946
Segment result		
Healthcare	40,392	34,278
Scientific	5,352	4,433
	45,744	38,711
Depreciation	(3,688)	(3,364)
Amortisation of finite life intangibles	(504)	(644)
Finance costs	(5,702)	(7,926)
Income tax expense	(12,413)	(7,050)
Profit for the period	23,437	19,727

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.

	Group 2010 \$'000	Group 2009 \$'000
(d) Segment assets		
Healthcare	478,953	455,055
Scientific	39,390	44,778
	518,343	499,833

28. SEGMENT INFORMATION cont.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of revenues earned by individual reportable segments.

(e) Revenues from major products and services

The Group's major products and services are the same as the reportable segments i.e. healthcare and scientific. Revenues are reported above under (c) Segment revenues and results.

(f) 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 2010 \$'000	Group 2009 \$'000
Revenue from external customers		
New Zealand	1,200,974	1,173,852
Australia	172,393	171,094
	1,373,367	1,344,946
Non-current assets		
New Zealand	148,702	149,772
Australia	27,952	28,882
	176,654	178,654

(g) Information about major customers

No revenues from transactions with a single customer amount to 10% or more of the Group's revenues (June 2009: Nil).

29. 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 disclosed on the parent company balance sheet, and Note 16 of these financial statements.

During the financial year, EBOS Group Limited received dividends of \$12,935,000 (2009: \$11,350,000) from its subsidiaries.

During the financial year, EBOS Group Limited provided accounting and administration services to its subsidiaries for a consideration of \$483,000 (2009: \$483,000) and charged royalties for the use of brand names and patents totalling \$370,000 (2009: \$365,000).

During the financial year, EBOS Group Limited rented warehouse space and contracted labour from its subsidiaries for a total cost of \$154,000 (2009: \$342,000).

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 5.0% - 6.2% (2009: 6.0% - 9.7%). During the financial year, EBOS Group Limited received interest of \$203,000 (2009: \$513,000) from loans to subsidiaries, and paid interest of \$444,000 (2009: \$109,000) to subsidiaries.

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date (2009: Nil).

Guarantees provided or received

As detailed in note 27, 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.

(e) Other Transactions Involving Related Parties

During the financial year Quantum Scientific Pty Ltd leased premises from interests associated with key management personnel, D Brown. Rents of \$403,000 (2009: \$406,000) were paid.

During the financial year Quantum Scientific Pty Ltd paid amounts totalling \$443,000 (2009: \$373,000) to interests associated with the same key management personnel for the provision of management services.

Peter Merton a Director of the parent company, received remuneration of Nil (2009: \$177,000) for services provided as Chief Executive of PRNZ Ltd. Mr Peter Merton retired as Chief Executive of PRNZ Limited in December 2008.

30. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The group's corporate treasury function provides services to the two segments, 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;
- 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.

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2010	2009	2010 FC'000	2009 FC'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Outstanding Contracts								
Buy Australian Dollars								
Less than 3 months	-	0.801	-	700	-	874	-	(1)
Buy Euro								
Less than 3 months	0.551	0.426	725	1,100	1,315	2,584	(15)	(187)
Buy Pounds								
Less than 3 months	0.476	0.372	510	455	1,070	1,224	46	(49)
Buy US Dollars								
Less than 3 months	0.699	0.544	1,400	1,650	2,002	3,035	49	(450)
Buy Japanese Yen								
Less than 3 months	65.481	53.583	20,000	26,000	305	485	25	(55)
					4,692	8,202	105	(742)

The above financial instruments relate to the group and parent entity. The fair value of forward exchange contracts outstanding are recognised as other financial assets/liabilities. Hedge accounting has not been adopted for the forward foreign exchange contracts.

For the Financial Year ended 30 June, 2010

30. FINANCIAL INSTRUMENTS cont.

(d) Interest rate risk management

The group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate 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.

Outstanding Contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2010	2009	2010	2009	2010	2009
	%	%	\$'000	\$'000	\$'000	\$'000
Outstanding variable rate for fixed contracts						
Less than 1 year	7.97	-	29,222	-	(634)	-
1 to 3 years	7.11	7.78	25,885	58,612	(878)	(2,721)
3 to 5 years	-	5.13	-	4,000	-	(87)
			55,107	62,612	(1,512)	(2,808)

Outstanding Contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2010	2009	2010	2009	2010	2009
	%	%	\$'000	\$'000	\$'000	\$'000
Less than 1 year	8.22	-	20,000	-	(452)	-
1 to 3 years	7.39	7.91	15,000	40,000	(631)	(1,949)
			35,000	40,000	(1,083)	(1,949)

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.

30. FINANCIAL INSTRUMENTS cont.

	Weighted average effective interest rate %	On Demand \$'000	Less than 1 year \$'000	Maturity Dates					Total \$'000
				1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000	
Group - 2010									
Financial assets:									
Cash and cash equivalents	2.1	56,484	-	-	-	-	-	-	56,484
Trade and other receivables	-	148,178	-	-	-	-	-	-	148,178
Other financial assets	-	-	105	-	-	-	-	-	105
Finance leases	9.0	-	112	-	-	-	-	-	112
		204,662	217	-	-	-	-	-	204,879
Financial liabilities:									
Trade and other payables	-	248,693	531	536	536	536	536	5,892	257,260
Finance leases	9.1	-	184	21	-	-	-	-	205
Bank loans	4.2	-	2,479	59,430	-	-	-	-	61,909
Other financial liabilities	-	-	1,512	-	-	-	-	-	1,512
		248,693	4,706	59,987	536	536	536	5,892	320,886
	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
Group - 2009									
Financial assets:									
Cash and cash equivalents	2.3	33,609	-	-	-	-	-	-	33,609
Trade and other receivables	-	150,720	-	-	-	-	-	-	150,720
Other financial assets	-	-	-	-	-	-	-	-	-
Finance leases	9.0	-	118	67	-	-	-	-	185
		184,329	118	67	-	-	-	-	184,514
Financial liabilities:									
Bank overdraft	10.8	3	-	-	-	-	-	-	3
Trade and other payables	-	239,457	536	536	536	536	536	6,427	248,564
Finance leases	9.1	-	683	216	-	-	-	-	899
Bank loans	5.1	-	5,935	3,570	70,595	-	-	-	80,100
Other financial liabilities	-	-	3,550	-	-	-	-	-	3,550
		239,460	10,704	4,322	71,131	536	536	6,427	333,116

For the Financial Year ended 30 June, 2010

30. FINANCIAL INSTRUMENTS cont.

	Weighted average effective interest rate %	On Demand \$'000	Less than 1 year \$'000	Maturity Dates					Total \$'000
				1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000	
Parent - 2010									
Financial assets:									
Cash and cash equivalents	2.1	18,175	-	-	-	-	-	-	18,175
Trade and other receivables	-	8,718	-	-	-	-	-	-	8,718
Other financial assets	-	-	105	-	-	-	-	-	105
Advances to subsidiaries	5.9	-	4,924	-	-	-	-	-	4,924
Finance leases	9.0	-	112	-	-	-	-	-	112
		26,893	5,141	-	-	-	-	-	32,034
Financial liabilities:									
Trade and other payables	-	7,779	-	-	-	-	-	-	7,779
Finance leases	9.1	-	25	-	-	-	-	-	25
Bank loans	3.6	-	1,008	28,168	-	-	-	-	29,176
Other financial liabilities	-	-	1,083	-	-	-	-	-	1,083
Advances from subsidiaries	5.5	-	13,548	-	-	-	-	-	13,548
		7,779	15,664	28,168	-	-	-	-	51,611

	Weighted average effective interest rate %	On Demand \$'000	Less than 1 year \$'000	Maturity Dates					Total \$'000
				1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000	
Parent - 2009									
Financial assets:									
Cash and cash equivalents	2.3	1,845	-	-	-	-	-	-	1,845
Trade and other receivables	-	10,430	-	-	-	-	-	-	10,430
Advances to subsidiaries	7.3	-	12,745	-	-	-	-	-	12,745
Finance leases	9.0	-	118	67	-	-	-	-	185
		12,275	12,863	67	-	-	-	-	25,205
Financial liabilities:									
Bank overdraft	10.8	3	-	-	-	-	-	-	3
Trade and other payables	-	7,376	-	-	-	-	-	-	7,376
Finance leases	9.1	-	34	26	-	-	-	-	60
Bank loans	3.5	-	1,035	1,330	38,222	-	-	-	40,587
Other financial liabilities	-	-	2,691	-	-	-	-	-	2,691
Advances from subsidiaries	7.3	-	5,442	-	-	-	-	-	5,442
		7,379	9,202	1,356	38,222	-	-	-	56,159

In 2008 the group secured banking facilities for the three years to August 2011.

The group maintains the following lines of credit:

\$3.5 million (2009: \$3.5 million) overdraft facility. Interest is payable at the base rate plus specified margin. A loan facility of \$99 million (2009: \$111 million) of which \$99 million (2009: \$109 million) is over 1 year.

30. FINANCIAL INSTRUMENTS cont.

(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 Period and Total Equity as a result of a 100 basis point movement in interest rates is as follows:

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
+ 100 basis point shift up in yield curve				
Impact on Profit for the Period	-	-	-	-
Impact on Total Equity	421	779	262	480
- 100 basis point shift down in yield curve				
Impact on Profit for the Period	-	-	-	-
Impact on total Equity	(429)	(801)	(267)	(494)

(ii) Foreign Currency Sensitivity Analysis

The following table details the Group's sensitivity to a 10% increase or decrease in foreign currencies against the Group's functional currency (New Zealand dollars). The sensitivity analysis includes any outstanding foreign currency contracts and adjusts their translation at the period 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. For a 10% strengthening against the relevant currency there would be an equal and opposite impact on the profit and equity.

	Group 2010 \$'000	Group 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
+ 10% shift in NZD rate				
Impact on Profit for the Period	(436)	(673)	(436)	(673)
Impact on Total Equity	(436)	(673)	(436)	(673)
- 10% shift in NZD rate				
Impact on Profit for the Period	533	823	533	823
Impact on Total Equity	533	823	533	823

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.

(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 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.

For the Financial Year ended 30 June, 2010

30. FINANCIAL INSTRUMENTS cont.

(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; and
- 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.
- 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 2009.

31. SUBSEQUENT EVENTS.

On 5 August 2010 the Company entered into an agreement to sell the Scientific operating business segment. The transaction is subject to the satisfaction of certain conditions, with the completion date being 1 September 2010. On settlement the cash proceeds of the sale will exceed the carrying value of the Scientific operating business segment.

EBOS Group Limited
Additional Stock Exchange Information

As at 30 July 2010

	Fully paid shares	Percentage of paid capital
Twenty Largest Shareholders		
Python Portfolios Ltd	5,171,766	10.18%
Accident Compensation Corporation	4,043,290	7.96%
Whyte Adder No.3 Ltd	3,658,792	7.20%
Elite Investment Holdings Ltd	1,690,028	3.33%
Forsyth Barr Custodians Ltd	1,334,851	2.63%
P M Merton & CWM Trustee Company Ltd	1,190,028	2.34%
Custodial Services Ltd	1,005,262	1.98%
Forsyth Barr Custodians Ltd	706,987	1.39%
Herpa Properties Ltd	691,936	1.36%
New Zealand Superannuation Fund Nominees Ltd	610,066	1.20%
Superlife Trustee Ltd	590,758	1.16%
NZ Guardian Trust Investment Nominees Ltd	487,989	0.96%
Hubbard Churcher Trust Management Ltd	467,492	0.92%
Citibank Nominees (New Zealand) Ltd	439,212	0.87%
M.B. & A.L. Waller	413,836	0.82%
Forsyth Barr Custodians Ltd	392,058	0.77%
P Gardiner-Garden	385,389	0.76%
Tea Custodians Ltd	334,709	0.66%
FNZ Custodians Ltd	325,485	0.64%
Custodial Services Ltd	287,307	0.57%
	24,227,241	47.70%

Substantial Security Holders

As at 30 July 2010 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
Python Portfolios Ltd	5,171,766	10.18%
Whyte Adder No.3 Ltd and Herpa Properties Ltd	4,350,728	8.56%
Accident Compensation Corporation	4,043,290	7.96%
	13,565,784	26.70%

Distribution of Shareholders and Shareholdings

	Holders	Fully paid shares	Percentage of paid capital
Size of Holding			
1 to 999	919	309,449	0.62%
1,000 to 4,999	2,135	5,471,678	10.77%
5,000 to 9,999	737	5,060,558	9.96%
10,000 to 49,999	570	10,218,876	20.12%
50,000 to 99,999	32	2,072,548	4.08%
100,000 to 499,999	32	6,968,878	13.72%
500,000 to 999,999	4	2,599,747	5.11%
1,000,000 and over	7	18,094,017	35.62%
Total	4,436	50,795,751	100.00%

Registered Address of Shareholders

	Holders	Fully paid shares	Percentage of paid capital
New Zealand	4,235	47,912,897	94.33%
Overseas	201	2,882,854	5.67%
Total	4,436	50,795,751	100.00%

EBOS Group Limited Directory

Corporate Office

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P O Box 411
CHRISTCHURCH
Telephone (03) 338-0999
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E-mail: ebos@ebos.co.nz
Internet: www.ebos.co.nz

Other Locations

Auckland Office
243-249 Bush Road
P O Box 302-161
Albany, Auckland
NEW ZEALAND

Subsidiaries

PRNZ Limited
54 Carbine Road
Mt Wellington
Auckland
NEW ZEALAND

Health Support Limited
56 Carrington Road, Pt Chevalier
Auckland
NEW ZEALAND

EBOS Group Pty Limited &
EBOS Health & Science Pty Limited
Unit 2, 109 Vanessa Street
Kingsgrove, NSW 2208
AUSTRALIA

Vital Medical Supplies (Australia) Pty Ltd
Unit 29-31, 276-278 Newline Road
Dural, NSW 2158
AUSTRALIA

EBOS Health & Science (PNG) Limited
GB House, Kunai Street
Hohola, Waigani NCD
PAPUA NEW GUINEA

Global Science & Technology Limited
241 Bush Road, Albany
Auckland
NEW ZEALAND

Quantum Scientific Pty Limited
31 Archimedes Place
Murarrie, Queensland
AUSTRALIA

Directors

Rick Christie	Chairman
Mark Waller	Chief Executive and Managing Director
Peter Kraus	Deputy Chairman
Elizabeth Coutts	
Peter Merton	
Sarah Ottrey	
Mark Stewart	
Barry Wallace	

Executives

Mark Waller	Chief Executive
Michael Broome	General Manager - Healthcare Logistics
Derek Brown	Managing Director - Scientific
Angus Cooper	General Manager - Business Development
Dennis Doherty	Chief Financial Officer
Kelvin Hyland	General Manager - Sales & Marketing Healthcare
David Lewis	General Manager - ProPharma
Greg Managh	General Manager - Health Support Ltd
Anthony Norris	General Manager - EBOS Group Pty Ltd

Auditor

Deloitte
Christchurch

Bankers

ANZ National Bank Limited
Auckland

Solicitor

Chapman Tripp
Christchurch

Share Register

Computershare Investor Services Ltd
Private Bag 92119
Auckland 1142
159 Hurstmere Road
Takapuna, North Shore City 0622
NEW ZEALAND

Managing Your Shareholding Online:

To change your address, update your payment instructions and to view your investment portfolio including transactions, please visit: www.computershare.co.nz/investorcentre

General enquiries can be directed to:

- enquiry@computershare.co.nz
- Private Bag 92119, Auckland 1142, New Zealand
- Telephone +64 9 488 8777 Facsimile +64 9 488 8787

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

A close-up photograph showing a person's hand being held by another person's hand. The skin is light-toned and appears slightly dry or wrinkled. The background is blurred, showing a blue fabric, possibly a shirt or pants. A white text box is overlaid on the lower-left portion of the image.

One of the leading independent distributors
of healthcare products in New Zealand,
Australia and the Pacific Islands.

ebos@ebos.co.nz