

EBOS GROUP LIMITED

**INTERIM REPORT
2010**

**EBOS GROUP LIMITED
INTERIM REPORT 2010**

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**EBOS GROUP LIMITED
INTERIM REPORT 2010
FINANCIAL HIGHLIGHTS**

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Revenue	697,231	691,568	1,344,946
EBITDA	21,409	18,104	38,711
Profit before income tax expense	16,499	12,065	26,777
Profit attributable to members of the parent entity	11,722	8,483	19,727
Net cash inflow/(outflow) from operating activities	12,703	(1,829)	33,310
Shareholders' interest	172,702	150,630	162,039
Earnings per share	23.7c	17.8c	41.1c
Interest cover	6.6	3.9	4.4
Net interest bearing debt to net interest bearing debt plus equity	14.6%	32.1%	19.6%

SHAREHOLDER CALENDAR

Interim dividend payable	April 2010
Release of full year result	Late August 2010
Final dividend payable	Late October 2010
Annual General Meeting	21 October 2010

EBOS GROUP LIMITED
CONSOLIDATED INCOME STATEMENT
For the Six Months ended 31 December 2009 (unaudited)

	Notes	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Revenue	2(a)	697,231	691,568	1,344,946
Profit before depreciation, amortisation, finance costs and income tax expense		21,409	18,104	38,711
Depreciation	2(b)	(1,721)	(1,620)	(3,364)
Amortisation of finite life intangibles	2(b)	(252)	(322)	(644)
Profit before finance costs and tax		19,436	16,162	34,703
Finance costs	2(b)	(2,937)	(4,097)	(7,926)
Profit before income tax expense	2(b)	16,499	12,065	26,777
Income tax expense		(4,777)	(3,582)	(7,050)
Profit for the period attributable to equity holders		11,722	8,483	19,727
Earnings per share				
Basic (cents per share)		23.7	17.8	41.1
Diluted (cents per share)		23.7	17.8	41.1

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Six Months ended 31 December 2009 (unaudited)

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Profit for the period	11,722	8,483	19,727
Other comprehensive income			
Cash flow hedges gains/(losses)	1,016	(2,997)	(2,555)
Related income tax	(305)	861	729
Gains/(losses) on translation of foreign operations	82	(1,517)	(458)
Total comprehensive income net of tax attributable to equity holders	12,515	4,830	17,443

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six Months ended 31 December 2009 (unaudited)

	Notes	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Equity at start of period		162,039	147,304	147,304
Total comprehensive income net of tax for the period		12,515	4,830	17,443
Dividends paid to company shareholders	4	(1,852)	(1,504)	(2,817)
Shares issued	3	-	-	109
Equity at end of period		172,702	150,630	162,039

EBOS GROUP LIMITED
CONSOLIDATED BALANCE SHEET
As at 31 December 2009 (unaudited)

	Notes	As at 31 Dec 09 \$'000	As at 31 Dec 08 \$'000	As at 30 Jun 09 \$'000
Current assets				
Cash and cash equivalents		40,996	12,712	33,609
Trade and other receivables		150,566	162,620	150,720
Prepayments		1,601	923	2,203
Inventories		143,532	140,713	127,380
Current tax refundable		1,483	2,712	562
Other financial assets – derivatives		-	267	-
Finance leases		102	109	108
Total current assets		338,280	320,056	314,582
Non-current assets				
Property, plant and equipment		18,656	19,490	19,444
Capital work in progress		30	434	-
Finance leases		29	86	57
Prepayments		691	1,016	856
Deferred tax assets		4,684	4,552	6,540
Goodwill		133,931	133,331	133,915
Indefinite life intangibles		23,732	23,676	23,730
Finite life intangibles		457	1,030	709
Total non-current assets		182,210	183,615	185,251
Total assets		520,490	503,671	499,833
Current liabilities				
Bank overdraft		-	513	3
Trade and other payables		253,227	246,049	239,457
Finance leases		359	347	551
Bank loans		-	2,500	2,250
Current tax payable		4,848	2,273	3,678
Employee benefits		5,618	4,227	4,767
Other financial liabilities – derivatives		1,886	3,253	3,550
Total current liabilities		265,938	259,162	254,256
Non-current liabilities				
Bank loans		70,022	80,121	70,000
Trade and other payables		4,748	5,283	4,936
Deferred tax liabilities		6,062	7,119	7,612
Finance leases		181	556	186
Employee benefits		837	800	804
Total non-current liabilities		81,850	93,879	83,538
Total liabilities		347,788	353,041	337,794
Net assets		172,702	150,630	162,039
Equity				
Share capital	3	105,861	105,752	105,861
Foreign currency translation reserve		1,668	527	1,586
Retained earnings		66,425	46,624	56,555
Cash flow hedge reserve		(1,252)	(2,273)	(1,963)
Total equity		172,702	150,630	162,039

EBOS GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the Six Months ended 31 December 2009 (unaudited)

	Notes	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Cash flows from operating activities				
Receipts from customers		696,985	678,519	1,343,550
Interest received		345	40	878
Payments to suppliers and employees		(677,159)	(673,462)	(1,298,807)
Taxes paid		(4,531)	(2,829)	(4,385)
Interest paid		(2,937)	(4,097)	(7,926)
Net cash inflow/(outflow) from operating activities	5	12,703	(1,829)	33,310
Cash flows from investing activities				
Sale of property, plant & equipment		81	2,721	2,969
Purchase of property, plant & equipment		(1,229)	(747)	(1,867)
Payments for capital work in progress		-	(434)	(916)
Businesses acquired		-	(1,452)	(1,452)
Net cash (outflow)/inflow from investing activities		(1,148)	88	(1,266)
Cash flows from financing activities				
Proceeds from issue of shares	3	-	-	109
Proceeds from borrowings		-	800	-
Repayment of borrowings		(2,250)	(1,250)	(11,600)
Dividends paid to equity holders of parent		(1,852)	(1,504)	(2,817)
Net cash (outflow) from financing activities		(4,102)	(1,954)	(14,308)
Net increase/(decrease) in cash held		7,453	(3,695)	17,736
Effect of exchange rate fluctuations on cash held		(63)	35	11
Net cash and cash equivalents at beginning of period		33,606	15,859	15,859
Net cash and cash equivalents at end of period		40,996	12,199	33,606
Cash and cash equivalents		40,996	12,712	33,609
Bank overdrafts		-	(513)	(3)
		40,996	12,199	33,606

EBOS GROUP LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the Six Months ended 31 December 2009

1. FINANCIAL STATEMENTS

The unaudited interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) "Interim Financial Reporting" and the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

The same accounting policies and methods of computation are applied in the interim financial statements as were applied in the financial statements for the year ended 30 June 2009. These financial statements should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 30 June 2009. The information is presented in thousands of New Zealand dollars.

2. PROFIT FROM OPERATIONS

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
(a) Revenue			
Revenue consisted of the following items:			
Revenue from the sale of goods	693,040	686,105	1,334,458
Revenue from the rendering of services	2,904	3,871	6,469
Management fees	828	1,369	2,638
Interest revenue	345	40	878
Other revenue	114	183	503
	697,231	691,568	1,344,946
(b) Profit before income tax expense			
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from operations:			
Gain on sale of property, plant and equipment	13	294	301
Change in fair value of derivative financial instruments classified at fair value through profit or loss	646	273	(736)
Profit before income tax has been arrived at after (charging) the following expenses by nature:			
Cost of sales	(618,337)	(615,109)	(1,192,969)
Write-down of inventory	-	-	(2,097)
Finance costs:			
Bank interest	(2,609)	(3,893)	(7,371)
Other interest expense	(328)	(204)	(555)
Total finance costs	(2,937)	(4,097)	(7,926)
Net bad and doubtful debts arising from:			
Impairment loss on trade & other receivables	(262)	-	(549)
Depreciation of property, plant & equipment	(1,721)	(1,620)	(3,364)
Amortisation of finite life intangibles	(252)	(322)	(644)
Operating lease rental expenses:			
Minimum lease payments	(3,823)	(3,712)	(7,029)
Donations	(38)	(22)	(42)
Employee benefit expense	(28,098)	(29,390)	(59,762)
Other expenses	(25,923)	(25,798)	(43,352)
Total expenses	(681,391)	(680,070)	(1,317,734)
Profit before income tax expense	16,499	12,065	26,777

EBOS GROUP LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
For the Six Months ended 31 December 2009

3. SHARE CAPITAL

On 2 October 2009 the Company issued 900,548 bonus shares under a Profit Distribution Plan bringing the number of shares on issue at 31 December 2009 to 49,881,347 (2008 48,136,819).

4. DIVIDENDS

	Six months 31 Dec 09		Six months 31 Dec 08		Year ended 30 Jun 09	
	Cents per share	Total \$'000	Cents per share	Total \$'000	Cents per share	Total \$'000
<u>Recognised amounts</u>						
Fully paid ordinary shares						
- Final – prior year	14.5	1,852	13.5	1,504	13.5	1,504
- Interim – current year	-	-	-	-	10.5	1,313
	14.5	1,852	13.5	1,504	24.0	2,817
<u>Unrecognised amounts</u>						
Final dividend	-	-	-	-	14.5	1,852
Interim dividend	13.5	1,684	10.5	1,313	-	-
	13.5	1,684	10.5	1,313	14.5	1,852

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
For the Six Months ended 31 December 2009

5. NOTES TO THE CASH FLOW STATEMENT

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Reconciliation of profit for the period with cash flows from operating activities			
Profit for the period	11,722	8,483	19,727
Add/(less) non-cash items:			
Depreciation	1,721	1,620	3,364
(Gain) on sale of property, plant & equipment	(13)	(294)	(301)
Amortisation of finite life intangibles	252	322	644
(Gain)/loss on derivatives/financial instruments	(646)	(273)	736
Deferred tax	(3)	(376)	(2,003)
Provision for doubtful debts	262	(76)	416
	1,573	923	2,856
Movements in working capital:			
Trade and other receivables	(108)	(12,118)	(710)
Finance lease receivables	34	28	58
Prepayments	767	2,026	906
Inventories	(16,152)	(14,009)	(676)
Current tax refundable/payable	249	1,103	4,658
Trade and other payables	13,582	12,975	6,036
Employee benefits	884	176	720
Foreign currency effect on translation of opening working capital balances	152	(1,655)	(504)
	(592)	(11,474)	10,488
Movements in items treated as investing activities	-	239	239
Net cash inflow/(outflow) from operating activities	12,703	(1,829)	33,310

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
For the Six Months ended 31 December 2009

6. SEGMENT INFORMATION

(a) Adoption of NZ IFRS 8 Operating Segments

NZ IFRS 8 replaces NZ IAS 14 Segment Reporting. It requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes.

Following the adoption of 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.

(c) Segment revenues and results

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

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Revenue			
Healthcare	666,967	657,321	1,278,201
Scientific	30,264	34,247	66,745
	697,231	691,568	1,344,946
Segment result			
Healthcare	18,904	17,398	34,278
Scientific	2,505	706	4,433
	21,409	18,104	38,711
Depreciation	(1,721)	(1,620)	(3,364)
Amortisation of finite life intangibles	(252)	(322)	(644)
Finance costs	(2,937)	(4,097)	(7,926)
Income tax expense	(4,777)	(3,582)	(7,050)
Profit for the period	11,722	8,483	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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
For the Six Months ended 31 December 2009

6. SEGMENT INFORMATION (Continued)

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
(d) Segment assets			
Healthcare	479,719	458,607	455,055
Scientific	40,771	45,064	44,778
	520,490	503,671	499,833

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 7 (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):

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jan 09 \$'000
Revenue from external customers			
New Zealand	614,837	609,412	1,173,852
Australia	82,394	82,156	171,094
	697,231	691,568	1,344,946
Non-current assets			
New Zealand	148,884	150,799	149,772
Australia	28,613	28,178	28,882
	177,497	178,977	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 (December 2008: Nil, June 2009: Nil).

7. BANK FACILITY

As at 31 December 2009 EBOS Group had in place a \$113,000,000 (December 2008: \$123,000,000, June 2009: \$115,000,000) facility on an unsecured negative pledge basis maturing August 2011 with ANZ National Bank Limited. EBOS Group fully complies with and operates within the financial covenants under the negative pledge arrangements with its banker.

EBOS GROUP LIMITED DIRECTORY

Corporate Office

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Auckland
NEW ZEALAND

Health Support Limited
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Pt Chevalier
Auckland
NEW ZEALAND

Global Science & Technology Limited
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Albany
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NEW ZEALAND

Auditor

Deloitte
Christchurch

Bankers

ANZ National Bank Limited
Auckland

Directors

Rick Christie
Mark Waller
Peter Kraus
Elizabeth Coutts
Peter Merton
Sarah Ottrey
Barry Wallace
Mark Stewart

Chairman
Chief Executive and Managing Director
Deputy Chairman

Executives

Mark Waller
Michael Broome
Derek Brown
Angus Cooper
Dennis Doherty
Kelvin Hyland
David Lewis
Greg Managh
Anthony Norris

Chief Executive
General Manager – Healthcare Logistics
Managing Director – Scientific
General Manager – Business Development
Chief Financial Officer
General Manager – Sales & Marketing Healthcare
General Manager – ProPharma
General Manager – Health Support Ltd
General Manager – EBOS Group Pty Ltd

EBOS Group Pty Limited & EBOS Health & Science Pty Limited
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PAPUA NEW GUINEA

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AUSTRALIA

Quantum Scientific Pty Limited
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AUSTRALIA

Solicitor

Chapman Tripp
Christchurch

Share Register

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Private Bag 92119
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Shareholder Enquiries

Shareholders with enquiries about share transactions, change of address or dividend payments should contact the Share Registrar – Computershare Investor Services Ltd.