Annual Report 2015

Consolidated Financial Statements for the year ended 31 March 2015

GREEN CROSS HEALTH

A cross has been used to represent health professionals for hundreds of years. Once a symbol for medical and apothecary merchants, the green cross first took the form of a serpent wrapped around the jade hilt of a sword and was used in Greece by the Hospitallers of St Lazarus

Contents

Who we are

Our vision— Because of what we do, everyone is healthier

Green Cross Health – Providing the best health care and advice to New Zealand communities.

Green Cross Health has grown to become one of New Zealand's leading primary health care providers, supporting a network of 313 pharmacies, 43 medical centres and providing community nursing and home health care services to more than 18,000 clients.

We are committed to delivering an improved patient experience and better health outcomes for people in New Zealand. Our ability to link our pharmacy, medical, specialist nursing, home health and ancillary services will enable Green Cross Health to create a truly patient centric health care model.

The convergence of care providers gives us the opportunity to promote a unique point of difference, offering a clinical overview and easily accessible professional health care in every New Zealand community. This gives people the support they need to manage their health in their own homes, for longer.

The green cross of Green Cross Health

A cross has been used to represent health professionals for hundreds of years. Once a symbol for medical and apothecary merchants, the green cross first took the form of a serpent wrapped around the jade hilt of a sword and was used in Greece by the Hospitallers of St Lazarus.

Throughout the centuries, the green cross has become widely recognised in Europe and the USA as a place to find healthcare and advice and we are proud to embrace this legacy in both our company name and the icon we use to identify our services.

Financial summary

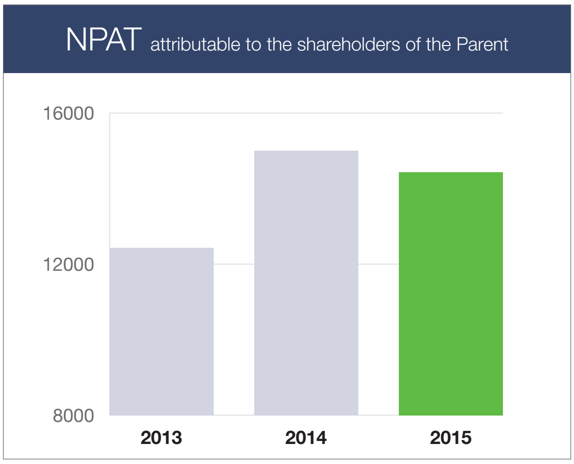
So let's start with the plain English version of our accounts. If you are interested, more details can be found in the consolidated statements and notes further on in this report.

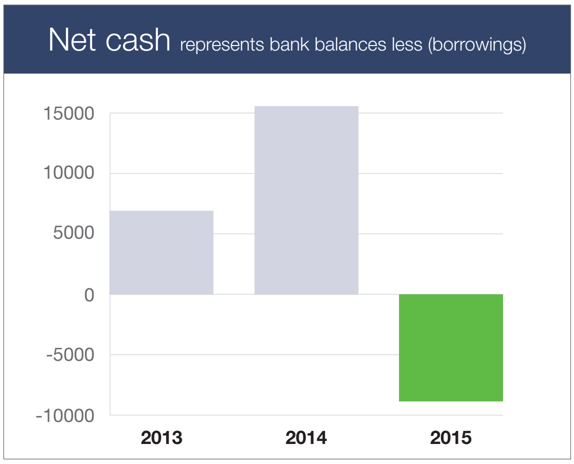
	2015 $'000	2014 $'000
We generate revenue from three main sources:		
Pharmacy store sales	241,871	223,884
Medical centre sales	22,644	9,536
Community Care sales	32,488	-
Services provided to pharmacy stores and medical centres	25,475	24,529
Our costs to operate are primarily:		
Lease expense	14,744	12,951
Wages and salaries	96,343	54,395
Depreciation and amortisation	4,499	3,975
Other costs (governance, communications etc)	14,593	14,536

You can really see the effect of the acquisition of Access Homehealth Limited on 1 December 2014 and Peak Primary Limited on 29 October 2014 on our revenue and also our wages and salaries.

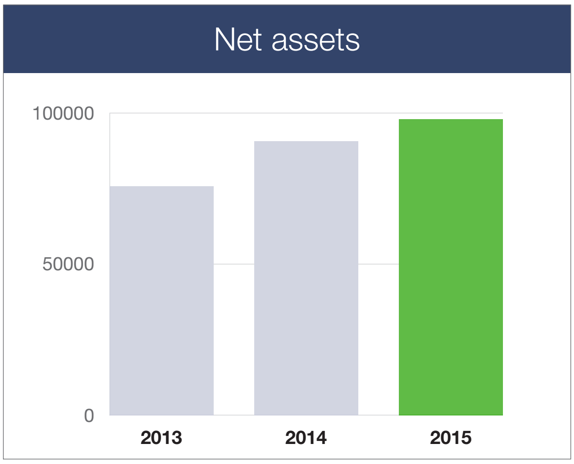
	2015 $'000	2014 $'000
After all income and expenses we earned:		
Profit before tax	25,444	26,414
Tax expense	(6,554)	(7,582)
Profit after tax	18,890	18,832
Non-controlling interest	(4,465)	(3,798)
Profit after tax attributable to the shareholders of the Parent	**14,425**	**15,034**

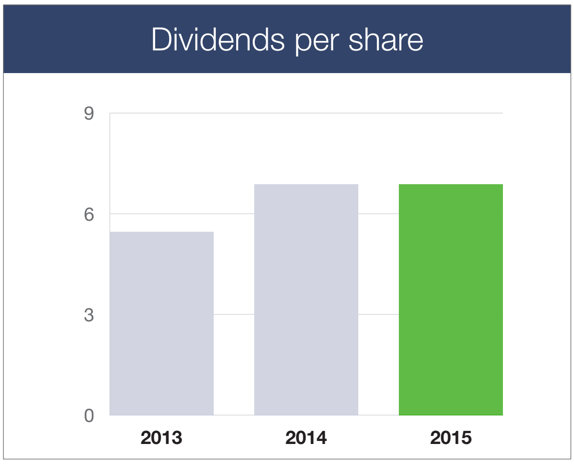
	2015 $'000	2014 $'000
So what happened to the profit and where did the cash go?		
We started the year with a bank balance of	25,274	19,827
Our profit after tax (and after adjusting for non-cash items) was	22,596	22,624
We bought various businesses	(23,929)	(6,981)
We brought some fixed assets	(6,384)	(3,234)
We sold investments	-	955
Our bank borrowings increased/(decreased) by	13,793	(3,784)
We raised some additional equity	223	987
We paid dividends to our shareholders	(3,017)	(2,878)
We paid dividends to our minority partners	(3,949)	(2,864)
Our working capital (increased)/decreased by	(1,053)	622
We ended the year with a bank balance of	**23,554**	**25,274**





	As at March 2015 $'000	As at March 2014 $'000
So what is the Company worth?		
We have total assets of	191,051	134,460
We have total liabilities of	(91,630)	(45,045)
So our equity is	99,421	89,415
Which represents a net asset value for each share of (cents)	**74.3**	**68.7**





Chairman's report

The importance of primary health care continues to rise in the provision of overall health services. Green Cross Health is in a strong position to contribute substantially to the future delivery of primary health services in New Zealand.

In 2015 we made significant progress towards realising our vision to become a leading provider of primary healthcare. We have achieved growth from within our business with notable sales growth in our Pharmacy division. We also had growth through acquisition in our Medical division and the Community Care division, where we were able to establish a strong position through our acquisition of Access Homehealth Limited in December 2014.

The fiscal result for this year realised an after tax profit for our shareholders of $14.4 million. Whilst this is slightly down on last year, when put into the context of the longer term investments and acquisitions we have made, it is a solid result that can be built on.

Highlights

5.1%

Same store annual sales growth

Our Pharmacy division shows same store sales increase of 5.1%, compared to negative 1.3% the previous year. During the last six months our rate of growth has been even higher at 11.5% mainly due to the success of two key business strategies. The first strategy was to rationalise our consumer brands from five to two - Unichem and Life Pharmacy - and have a rejuvenated focus on delivering a unique customer experience based on a care + advice philosophy. The second strategy, which continues into 2016, is the development of our customer engagement strategy through our Living Rewards loyalty programme.

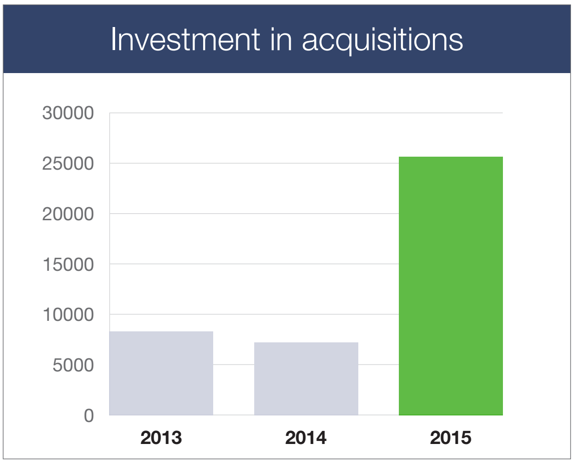
We acquired Peak Primary Limited, a group of 12 wholly owned general practices serving 83,000 patients, in October 2014. This positions us well to offer an integrated care approach and realise synergistic savings in 2016. Managing Director and CEO of Peak Primary, Roger Bowie, retained a 17.5% stake in the combined medical business. We also acquired Tucker Consulting Limited, a management services company serving six practices.

Ongoing growth in pharmacy by continued focus on delivering in store sales growth and providing market leading dispensary services

In December 2014 we acquired Access Homehealth, a specialist in community based healthcare and support. Access Homehealth is a major provider throughout New Zealand with 3,571 employees supporting 18,000 clients and completing over 2.8 million visits per annum. This acquisition also propels us forward in our ability to offer an integrated care solution.

In early 2015 we welcomed Dame Margaret Millard, who has previously held directorships and governance roles with Rural Women New Zealand and Access Homehealth, on to the Green Cross Health Board of Directors. Dame Margaret brings a wealth of experience in the home care and nursing sectors to the governance of our business.

In March 2014 we invested in community nursing through Total Care Health Services Limited. They had a very good year and continued to provide us insight to the community nursing market which will fit well with our Access Homehealth business in terms of market penetration and service offerings. Total Care Health's profit was up 126% on their previous year, with our equity accounted profit being $257,000.



Financial review

+13

Increased number of pharmacies in our franchise group

As we signalled last year our Pharmacy division was embarking on a large rebranding program and the launch of our Living Rewards loyalty scheme. The increased investment required for these major projects has negatively impacted the profitability of the Pharmacy division. Other contributors to a slightly lower profit included the first half under-performance of some recent acquisitions and increased marketing expenditure to support revenue growth. Recent retail sales growth and the increased number of franchisees gives us confidence that the expected returns from these investments will be achieved. It should be noted that our second half result, for the Pharmacy division was ahead of the second half in FY14.

We experienced healthy market share growth in our dispensary business and introduced new professional services which raised the profile of community pharmacy and increased foot traffic into stores.

The number of pharmacies in our franchise group increased by 13. We also acquired equity in two pharmacies and increased our equity share in a further three.

The Medical division's net profit for the year was $316,000 lower than last year which reflects the cost of borrowing associated with the Peak Primary acquisition and patient co-payments being lower than expected during the last six months of the financial year. Even though activity was lower in the second half we maintained our core doctors and nurses at historical levels to ensure we retained good staff and are able to accommodate future growth.

The savings from the integration of the Peak Primary support office into our existing Napier medical support office in February 2015 began to impact positively in March 2015 and will flow through to FY16.

Access Homehealth contributed operating revenue of $32.5 million and NPAT of $189,000 for the four months of ownership. These were in line with our expectations on acquisition.

Dividend

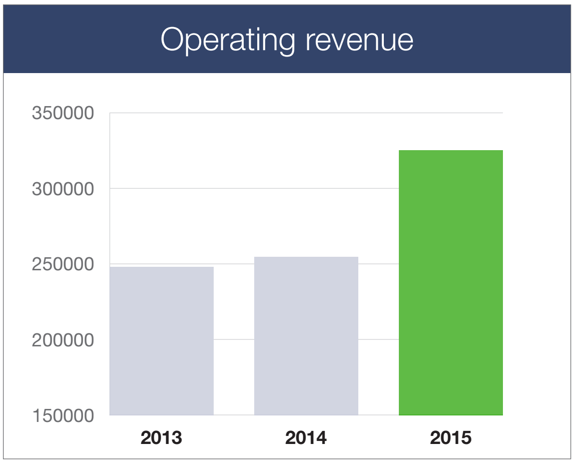
The Directors of your Company resolved on 26 May 2015 to pay a cash dividend of 3.5 cents per share fully imputed to 28% to shareholders on the register as at 5pm on 10 June 2015. The dividend was paid on 19 June 2015. The dividend reinvestment plan continues to operate and it is pleasing to see the significant number of shareholders who are participants in this plan.

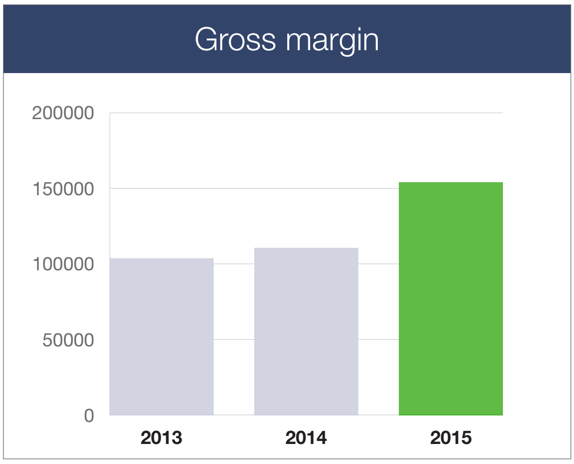
Future focus

Our future focus is on providing enhanced care and patient experience through the integration of services in our primary care model

Our future focus is on providing enhanced care and patient experience through the integration of services in our primary care model. In particular:

- Profitably expanding our medical business, by developing patient centric services that enable practices to grow. Growth will be via both equity investments and practices using our service offerings. Our aim is to become the first choice for patients in general practice
- Growing returns from community health care by investing in systems which can deliver a more efficient service for patients and health care professionals. Opportunities also exist for expansion geographically (Auckland) and increasing our nursing service coverage
- Ongoing growth in pharmacy by continued focus on delivering in store sales growth and providing market leading dispensary services
- Developing an integrated care platform and promoting easily accessible health services, which we are uniquely positioned to provide in New Zealand's primary health care market. By linking our health divisions we can become a hub for a patient focused health care model
- Extending our care + advice philosophy across the Green Cross Health Group, using the green cross symbol as a trustmark for quality health care.



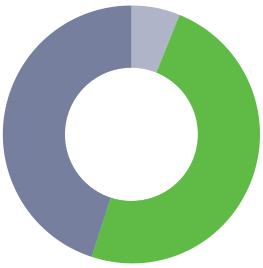


CEO report

Pharmacy division

It has been a pivotal year for our Pharmacy division. We have turned around several years of retail decline into positive top line sales growth, and invested in developing robust foundations from which we can expand our retail and professional services market leadership.

Employee numbers



Our focus has been on two key strategic initiatives:

- implementing the dual brand strategy through our pharmacy network which is now nearing completion
- growing customer engagement through our Living Rewards loyalty programme.

Together with a continued commitment to professional services programmes, these strategies have attracted more pharmacies into our group. In numbers we represent almost one third of New Zealand pharmacy and are one of the country's largest retail networks, with a presence in almost every community.

This physical presence is now much more visible with rebranded Life and Unichem pharmacies and consumers guided by our green cross, a symbol imbued with history, which will become a beacon in pharmacy and across the Group for quality health care.

The last 12 months have seen significant investment to realise our potential to become a data driven business. The vast majority of our pharmacies are now centrally connected and this transparency of business data coupled with data derived from our customer engagement programme means we can analyse product, promotions, transactions and customer behaviour to continue to drive sales and deliver on our commitment to provide the best health care and advice to our communities.

5.1%

Same store annual sales growth

200+

Rebranded pharmacies

900k+

Living Rewards members

27.5m

Prescription items dispensed

Highlights

We have reversed declining retail sales and invested in strategies to return to retail growth:

- Same store annual sales growth of 5.1% which has accelerated in the last six months to 11.5% as the impact of our business strategies come to fruition
- The physical rebranding of 200+ pharmacies has resulted in Unichem and Life pharmacies having a commanding presence in the community pharmacy landscape
- Living Rewards, our customer engagement programme launched in March 2014, has attracted more than 900,000 members. These customers spend on average 20% more and visit our stores more often (4.2 vs 3.5). The programme is providing us with new avenues for building life-time relationships and richness of data for future business planning.

We continue to lead the practice and promotion of professional health services in community pharmacy and during the last year have:

- Increased the number of vaccinating pharmacists to more than 300. More than 80% of all vaccinating pharmacists in New Zealand are in Unichem and Life pharmacies
- Introduced pharmacy's first online consent form, for the flu vaccination
- Our branded pharmacies dispensed approximately 27.5 million prescription items, which represents 44% of the market, up 4% since last year.

Operating revenue was up 8.2% on last year with same stores revenue increasing 5.1%. In addition to the store operating revenue, we generated $22.5 million in support office revenue.

There was increased investment in the pharmacy support office to enable the accelerated rollout of the re-branding process (200+ sites), and investment in the Living Rewards loyalty program. There was also increased marketing expenditure to support revenue growth. These three factors, together with some underperformance of some recent acquisitions contributed to a slightly lower profit performance.


Unichem
care+advice

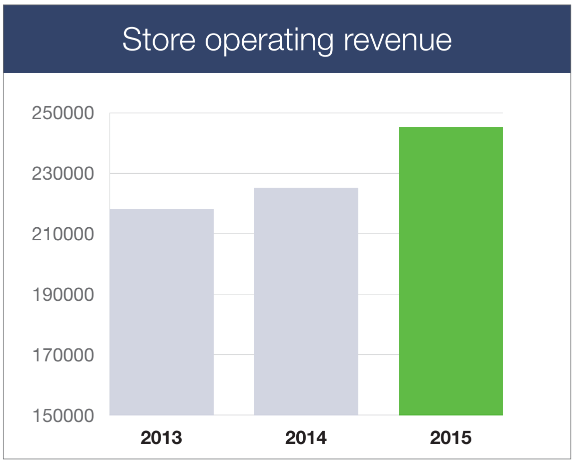

ECONOMY PACK
pure moist
OPTI-FREE
RepleniSH
re-nu
fresh
duo pack
Levrix
Bio true
Unichem
care+advice

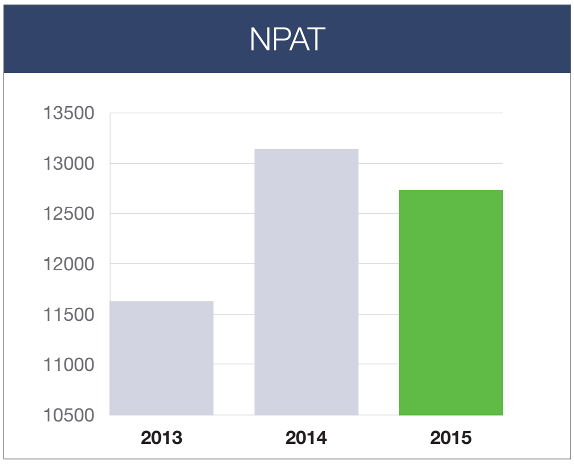
Future focus

We have set four principle areas of focus for FY16:

- completing our rebranding and store development
- improving our pharmacy offering from a merchandise and services perspective and further utilisation of our customer engagement programmes to continue sales growth
- embracing synergistic opportunities for our pharmacies resulting from the Green Cross Health Group's expansion in medical and community care sectors
- growth in the number of pharmacies in our Group.

In numbers we represent almost one third of New Zealand pharmacy and are one of the country's largest retail networks, with a presence in almost every community






Fred Thomas Health
Your family medical team

Medical division

The Medical division has experienced significant growth through the acquisition of Peak Primary Limited, comprising 12 wholly owned general practices serving 83,000 patients, and Tucker Consulting Limited, a management services company serving six independent practices.

Medical centres

Corporate sites **16**

Associates **13**

Independents **14**

Our footprint has practices located from Kerikeri in the far north, to Mataura in the deep south, with a mixed model of 14 subsidiaries (16 sites), 9 associates (13 sites) and 12 independents (14 sites). We provide a range of management and clinical services to the practices in our network under a fee based arrangement.

Our network provides general practice services across New Zealand and serves our local communities by managing population and personal health needs. Many of our practices offer accident and medical, extended hours and weekend services and are located in centres which also provide ancillary services such as pharmacy, radiology, physiotherapy, and increasingly, host other providers such as midwives, psychologists, social workers, counsellors and other medical specialists.

More than 600 doctors and nurses in our centres provide specialised services such as minor surgery, women's health and chronic disease management (e.g. diabetes, cardiovascular, respiratory). Last year our teams saw more than one million patients in our clinics.

Our medical practices work with 15 different primary healthcare organisations (funders) across New Zealand to ensure the optimal use of scarce financial resources for the best possible outcome for patients and communities.

Apart from our funders, we have two distinct customers.

Firstly, our patients, who comprise a cross section of New Zealand's population and come to our clinics with a full range of medical issues to be dealt with on the spot, or as part of a programme of care involving other professionals and agencies. Increasingly they interact with us without having to visit, through various media such as the patient portal, which allows patients to make appointments, view their results, request repeat prescriptions and interact directly with their doctor.

Secondly, medical practices are our customers, through a Management Support Agreement (MSA) which provides accounting, HR, marketing, IT, procurement and benchmarking services to provide scale efficiencies to small businesses. Information is shared and doctor's time is freed up to concentrate on their patients.

30%

Growth in patient numbers

11

Centres completed the Cornerstone Accreditation

Highlights

- We have commenced rebranding our practices to "The Doctors", reflecting our history, and our commitment to providing a team of professionals to support patient needs. In the future our branding will be more integrated with the Green Cross Health brand and foster stronger links to create an integrated care strategy
- The acquisitions of Peak Primary and Tucker Consulting grew our patient numbers by more than 30% and our support office staff in Napier have been magnificent in absorbing the extra workload
- We have had 11 centres complete the "Cornerstone Accreditation" process during the year. This is an important quality mark we are rolling out to all centres.

Financial review

It was a reduced profit result despite the top line revenue growth via acquisition. The net profit for the year was $316,000 lower than last year. This reflects the cost of borrowing associated with the Peak Primary acquisition, and patient co-payments being lower than expected during the last 6 months. Even though activity was lower during the second half of the year we maintained our core staff doctors and nurses at historical levels to ensure we retained good staff.

The savings from the integration of the Peak Primary support office into our existing Napier medical support office in February 2015 began to impact positively in March 2015 and will flow through to FY16.

Equity-accounted earnings on interests in associate entities was $610,500 being $84,500 higher than last year due to an acquisition, and an increase in shareholding in existing entities.

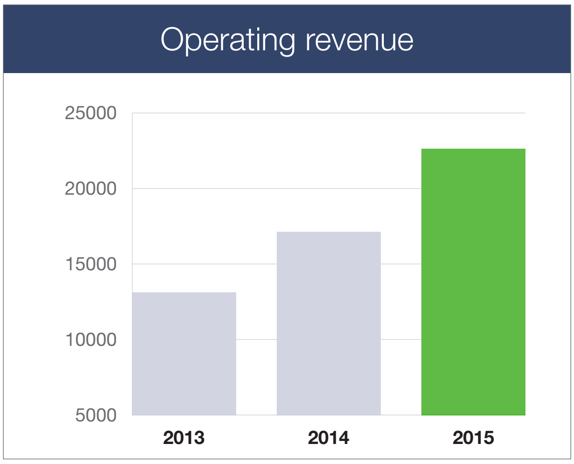
Forward focus

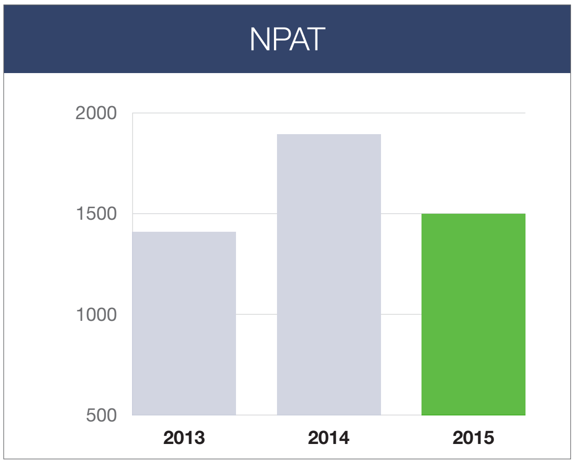
These specific areas will help us achieve our objective of building our culture around the patient and because of what we do, help them be healthier

We have four principal areas of focus for 2016:

- Complete the re-branding to "The Doctors"
- Continued growth via our MSA client base and equity acquisitions
- Complete the patient portal rollout and increased IT investment to enhance our MSA
- Improve our service and business performance.

These specific areas will help us achieve our objective of building our culture around the patient and because of what we do, help them be healthier. This in turn will lead to increased patient numbers and also provide the business with sustainable profit growth.



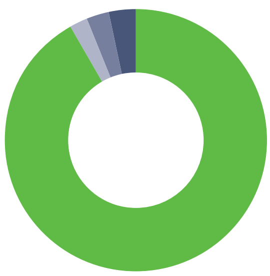


CEO report

Community Care division

This year we have significantly increased the size of our Community Care division through the acquisition of Access Homehealth Limited in December 2014.

Employee numbers



Carers **3275**

Site **86**

Support office **93**

Nurses **117**

Access Homehealth is one of New Zealand's leading healthcare organisations, specialising in home-based healthcare and support. Through this investment we have continued to deliver on our strategy of providing an integrated healthcare model.

Also forming part of our Community Care division is our 50% shareholding in Total Care Health Services Limited, which provides nursing, home and community support and education services throughout the upper North Island.

Access works with the Ministry of Health, District Health Boards and ACC among others, to care for 18,000 people around New Zealand, completing over 2.8 million visits per annum. Access' skilled team of nurses and support workers provide services to give clients the care and support they need to live independently in their community. Access has been at the forefront of community health for 88 years. Using Green Cross Health's expertise across other disciplines, we are looking to enhance this position by finding ways to provide integrated services to Access' clients.

Access helps clients to maintain their independence and provides a range of services encompassing home-based community nursing, personal care and household assistance for people who are:

- Living with a disability
- Rehabilitating following an injury or accident
- Recovering from an illness or surgery
- Over the age of 65 and requiring home healthcare
- Suffering from a long-term condition
- In the final stages of life
- Private carers needing relief
- Requiring individualised funding services.

Highlights

In early 2015, Access completed the roll out of a new automated client visit recording system, eliminating the need for support worker time sheets. Support staff now use their client's telephone to log in when they arrive, and log out when they have completed their visit. No voice contact is required and there is no cost for the client. This provides safety for clients and staff, as the system provides for immediate alerts if a support worker fails to arrive or leave on time. Our co-ordinators are also able to leave messages for staff when they arrive at a client's house. Support workers now have less paperwork, and clients no longer need to sign time sheets.

During the year Access also developed advanced support worker and senior support workers roles, which will provide a greater career pathway and assist with staff retention and recruitment.

Following discussions between government funders, unions and home care providers, a settlement has been agreed for support workers to be paid for the time they spend travelling between clients. Support workers will be paid for the time taken to travel between clients, at the minimum wage rate, from 1 July 2015, which should ultimately assist with recruiting support worker staff. A further step will see support workers receive a mileage allowance of at least 50 cents per kilometre from 1 March 2016. Another positive outcome of the discussions is the formation of an expert reference group to review the structure of the home care sector, and to oversee the transition to a more regularised workforce where workers have guaranteed hours and workloads.

Financial review

$32.5m

Operating Revenue

2.8m+

Visits per annum

The financial information provided below shows Access for the full year, however Green Cross Health only acquired the business in December 2014. Access contributed operating revenue of $32.5 million and NPAT of $189,000 for the four months of ownership.

Continued high growth in revenue has been driven by Access' selection, in 2013, by Southern and Hawkes Bay District Health Boards as one of the limited providers for the delivery of their new home-based health of older persons service models. Revenue from ACC also continues to grow through our appointment as one of four national providers of home and community support services, and also as a provider of nursing services.

Revenue was also favourably impacted by the entry into the high growth greater Auckland market in November 2013, following the acquisition of Howick Baptist Homecare Services. Expansion of our offering in Auckland will be a focus for next year for the Community Care division.

Expansion of our offering in Auckland will be a focus for next year for the Community Care division

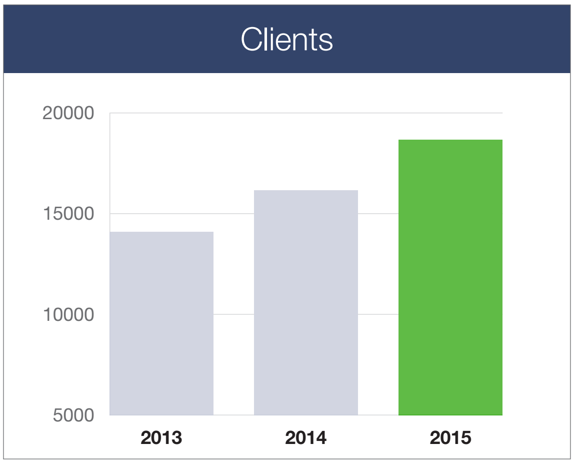
The revenue growth has seen a corresponding increase in client numbers. The growth in clients has been at the higher levels of acuity as clients are given a choice to stay in their homes or go into a rest home bed. The number of low-needs clients requiring home help has declined as DHB's stretch their funding to meet the needs of high-need clients.

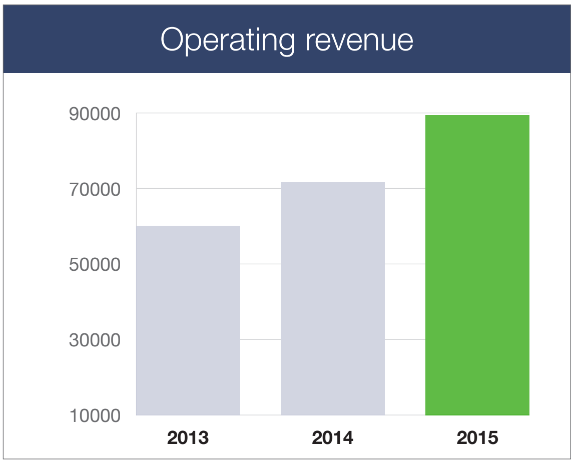
In March 2014 Green Cross Health invested in community nursing through Total Care Health Services Limited. They had a very good year and continued to provide us insight to the community nursing market which will fit well with our Access business in terms of market penetration and service offerings. Total Care Health's profit was up 126% on their previous year, with our equity accounted profit of $257,000.

Forward focus

The focus for the Community Care division for next year will be:

- Expansion of all activities in the greater Auckland area
- Work closer with the Green Cross Health Group via our integrated care offer
- Consolidation of the awarded contracts in the Hawkes Bay and Southern District Health Board areas
- Grow returns by investing in systems which can deliver a more efficient service for patients and health care professionals.






REDUCE
REUSE
RECYCLE

Directors' declaration

For the year ended 31 March 2015

In the opinion of the Directors of Green Cross Health Limited, the financial statements and notes, on pages 30 to 59:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Green Cross Health Group as at 31 March 2015 and the results of its operations and cash flows for the year ended on that date;
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of 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 Directors are pleased to present the financial statements of Green Cross Health Limited for the year ended 31 March 2015.

For and on behalf of the Board of Directors:

Peter Merton
Chairman
26 May 2015

Keith Rushbrook
Director
26 May 2015

Independent auditor's report

To the shareholders of Green Cross Health Limited

To the shareholders of Green Cross Health Limited

We have audited the accompanying consolidated financial statements of Green Cross Health Limited and its subsidiaries ("the Group") on pages 30 to 59. The financial statements comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

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

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

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

Our firm has also provided other services to the Group in relation to taxation and other advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Opinion

In our opinion, the consolidated financial statements on pages 30 to 59 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of Green Cross Health Limited as at 31 March 2015 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG

26 May 2015
Auckland

Group financial statements

Consolidated statement of comprehensive income

For the year ended 31 March 2015

	Note	2015 $'000	2014 $'000
Operating revenue			
Revenue	5	322,478	257,949
Cost of sales		167,607	146,123
		154,871	111,826
Share of equity accounted net earnings	15	1,004	645
Operating expenditure			
Employee benefit expense		96,343	54,395
Depreciation and amortisation	12,13	4,499	3,975
Lease expenses		14,744	12,951
Other expenses	7	14,593	14,536
		130,179	85,857
Operating profit before interest and tax		**25,696**	**26,614**
Interest income		969	948
Interest expense		(1,221)	(1,148)
Net interest expense		(252)	(200)
Profit before tax		**25,444**	**26,414**
Income tax expense	8	(6,554)	(7,582)
Profit after tax for the year		**18,890**	**18,832**
Other comprehensive income for for the year, net of tax		-	-
Total comprehensive income for the year		**18,890**	**18,832**

	Note	2015 $'000	2014 $'000
Attributable to:			
Shareholders of the Parent		14,425	15,034
Non-controlling interest		4,465	3,798
Attribution of profit and comprehensive income to shareholders and non controlling interest		18,890	18,832
Earnings per share:			
Basic earnings per share (cents)	9	10.91	11.83
Diluted earnings per share (cents)	9	10.88	11.79

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 35 to 59 form part of the financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2015

	Note	Share capital $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 April 2013		56,182	16,933	1,774	74,889
Profit for the year			15,034	3,798	18,832
Total comprehensive income for the year			**15,034**	**3,798**	**18,832**
Transactions with owners, recorded directly in equity					
Issue of shares		6,952			6,952
Dividends to shareholders	10		(8,843)		(8,843)
Distribution to non-controlling interests				(2,864)	(2,864)
Impact of other transactions with non-controlling interest			104	190	294
Share scheme amortisation	21	155			155
Balance at 31 March 2014		**63,289**	**23,228**	**2,898**	**89,415**
Balance at 1 April 2014		63,289	23,228	2,898	89,415
Profit for the year			14,425	4,465	18,890
Total comprehensive income for the year			**14,425**	**4,465**	**18,890**
Transactions with owners, recorded directly in equity					
Issue of shares		6,402			6,402
Dividends to shareholders	10		(9,197)		(9,197)
Distribution to non-controlling interests				(3,949)	(3,949)
Impact of other transactions with non-controlling interest			(1,942)	(274)	(2,216)
Share scheme amortisation	21	76			76
Balance at 31 March 2015		**69,767**	**26,514**	**3,140**	**99,421**

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 35 to 59 form part of the financial statements.

Consolidated statement of financial position

As at 31 March 2015

	Note	2015 $'000	2014 $'000
Equity			
Share capital		69,767	63,289
Retained earnings		26,514	23,228
Total equity attributable to shareholders of the Parent		96,281	86,517
Non-controlling interest		3,140	2,898
Total equity		**99,421**	**89,415**
Current assets			
Cash and cash equivalents		23,554	25,274
Trade and other receivables	11	22,694	10,266
Inventories		24,951	23,769
Total current assets		**71,199**	**59,309**
Non-current assets			
Property, plant and equipment	12	13,434	9,531
Intangible assets	13	93,407	56,873
Deferred tax asset	14	5,869	2,719
Equity accounted group investments	15	7,142	6,028
Total non-current assets		**119,852**	**75,151**
Total assets		**191,051**	**134,460**
Current liabilities			
Payables and accruals	16	50,264	32,688
Income taxes payable	16	1,238	2,876
Borrowings	17	7,892	3,137
Total current liabilities		**59,394**	**38,701**
Non-current liabilities			
Payables and accruals		1,177	190
Borrowings	17	31,059	6,154
Total non-current liabilities		**32,236**	**6,344**
Total liabilities		**91,630**	**45,045**
Net assets		**99,421**	**89,415**

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 35 to 59 form part of the financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Dividend received		674	392
Receipts from customers		321,417	257,622
Interest received		969	948
Payments to suppliers and employees		(291,972)	(227,693)
Interest paid		(1,221)	(1,148)
Income taxes paid		(8,324)	(6,875)
Net cash inflow from operating activities	**18**	**21,543**	**23,246**
Cash flows from investing activities			
Purchase of property, plant, equipment and software intangibles		(6,384)	(3,234)
Acquisition of interests in equity accounted investments		(1,109)	(1,523)
Acquisition of interests in subsidiaries		(24,230)	(5,458)
Proceeds from sale of shares in subsidiary		-	955
Net cash outflow from investing activities		**(31,723)**	**(9,260)**
Cash flows from financing activities			
Proceeds from borrowings		22,397	5,355
Repayment of borrowings		(8,604)	(9,139)
Shares issued for cash		223	987
Distribution to non-controlling interest		(3,949)	(2,864)
Dividends paid		(3,017)	(2,878)
Net cash inflow/(outflow) from financing activities		**7,050**	**(8,539)**
Net (decrease)/increase in cash and cash equivalents		**(3,130)**	**5,447**
Add opening cash and cash equivalents		25,274	19,827
Cash acquired: business combinations	6	1,410	-
Closing cash and cash equivalents		23,554	25,274
Reconciliation of closing cash and cash equivalents to the consolidated statement of financial position:			
Cash and cash equivalents		23,554	25,274
Closing cash and cash equivalents		**23,554**	**25,274**

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 35 to 59 form part of the financial statements.

Notes to the financial statements

For the year ended 31 March 2015

1. Reporting entity

Green Cross Health Limited (the "Parent" or the "Company") is a New Zealand company registered under the Companies Act 1993 and listed on the NZX Main Board ("NZX"). The Parent is an Issuer in terms of the Financial Reporting Act 2013 and a profit-oriented entity.

The consolidated financial statements of Green Cross Health Limited comprise the Parent, its subsidiaries, and its interest in associates and joint ventures (together referred to as the "Group").

2. Basis of preparation

(a) Statement of compliance

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

The financial statements were approved by the Board of Directors on 26 May 2015.

(b) Basis of measurement

The financial statements of the Group are prepared under the historical cost basis unless otherwise noted within the specific accounting policies below.

(c) Functional and presentation currency

These financial statements are presented in New Zealand dollars ($), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

2. Basis of preparation (continued)

(d) Significant estimates and judgments

The preparation of financial statements in conformity with NZ IFRS's requires the Directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 for making judgments about carrying values of some assets and liabilities. Actual results may differ from these estimates. In authorising the financial statements for the year ended 31 March 2015, the Directors have ensured that the specific accounting policies necessary for the proper understanding of the financial statements have been disclosed, and that all accounting policies adopted are appropriate for the Group's circumstances and have been consistently applied throughout the year for all Group entities for the purposes of preparing the consolidated financial statements.

Inherent in the application of certain accounting policies, judgments and estimates are required and the Directors note that the actual results may differ from the judgments and estimates made.

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 revision and future periods if the revision affects both current and future periods. Information about the significant areas of judgment exercised or estimation in applying accounting policies that have had a significant impact on the amounts recognised in the financial statements are described as follows:

(i) Classification of investments

Classifying investments as either subsidiaries, associates or joint ventures requires the Directors to assess the degree of influence which the Group holds over the investee. In arriving at a conclusion the Directors take into account the constitutional structure of the investee, governance arrangements, current and future representation on the Board of Directors, and all other arrangements which might allow influence over the operating and financial policies of the investee.

(ii) Impairment of goodwill and indefinite life intangible assets

The carrying value of goodwill and intangible assets with a indefinite useful life, is assessed at least annually to ensure that they are not impaired. This assessment requires the Directors to estimate future cash flows to be generated by cash generating units to which goodwill and intangible assets with indefinite useful lives have been allocated. Estimating future cash flows entails making judgments including the expected rate of growth of revenues and expenses, margins and market shares to be achieved, and the appropriate discount rate to apply when discounting future cash flows. Note 13 of these financial statements provides more information on the assumptions Directors have made in this area and the carrying values of goodwill and indefinite life intangible assets. As the outcomes in the next financial period may be different to the assumptions made, it is impracticable to predict the impact that could result in a material adjustment to the carrying amount.

(e) Goods and services tax (GST)

The statement of comprehensive income has been stated so that all components are exclusive of GST. All items in the statement of financial position are stated net of GST with the exception of receivables and payables, which include GST invoiced.

(f) Comparatives

Certain comparative information has been reclassified in order to provide a more consistent basis for comparison.

(g) Statement of cash flows

The statement of cash flows has been prepared using the direct method subject to the netting of certain cash flows. Cash flows in respect of investments and borrowings that have been rolled-over under arranged banking facilities have been netted in order to provide meaningful disclosures.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Operating activities include all cash received from all revenue sources and all cash disbursed for all expenditure sources including taxation refunds or payments and other transactions that are not classified as investing or financing activities.

Investing activities reflect the acquisition and disposal of property, plant and equipment and intangibles, loans to associates, and investments in associates, subsidiaries and joint ventures.

Financing activities reflect changes in borrowings and equity.

(h) Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

3. Basis of preparing the Group financial statements

(a) Subsidiaries

Subsidiaries are entities that are controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. Power arises when the Group has existing rights to direct the relevant activities of the investee, i.e. those that significantly affect the investee's returns. Control is assessed on a continuous basis.

The Group consolidates the results of its subsidiaries from the date that control commences until the date on which control ceases. At such point as control ceases, it derecognises the assets, liabilities and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The Group's ownership interests in subsidiaries ranges from 25% to 100% (2014: 25% to 100%). The Group has less than half of the voting rights of a number of entities that are consolidated. This is on the basis that the Group's contractual arrangements with these entities result in them meeting the definition of being subsidiaries as set out above.

(b) Non-controlling interests

Non-controlling interests are present ownership interests and are initially measured at either fair value or the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is determined on a transaction-by-transaction basis. Under the proportionate interest method, goodwill is not attributed to the non-controlling interest and the Group recognises only its share of goodwill whereas under fair value, the non-controlling interest includes its proportionate share of goodwill.

Changes in the Group's interest in a subsidiary that do not result in a change in the control conclusion are accounted for as transactions with equity-holders in their capacity as equity holders.

The Group has one subsidiary where its ownership interest is below 100% but no non-controlling interest is recognised. The Group has adopted the anticipated acquisition method in accounting for this subsidiary based on circumstances specific to that subsidiary (refer note 6).

While the Group has 37 subsidiaries with non-controlling interests, there are no subsidiaries with individually material non-controlling interest.

(c) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4. New standards and interpretations issued and not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2015. These include the following new standards and interpretations that are applicable to the business of the Group, and have not been applied in preparing these consolidated financial statements:

- NZ IFRS 9 Financial Instruments
- NZ IFRS 15 Revenue from Contracts with Customers

The impact of these standards on the Group is currently being evaluated by the Directors. All other remaining standards, amendments and interpretations issued but not yet effective have been assessed for applicability to the Group and the Directors have concluded that they are not applicable to the business of the Group and will therefore have no impact on future financial statements.

5. Segment reporting

The Group has three reportable segments: pharmacy retail services, medical services and community care services.

The Group's main operations are in the pharmacy industry providing pharmacy retail services through consolidated stores, equity accounted investments and franchise stores. The medical services segment includes fully owned and equity accounted medical centres, and support services provided to these medical centres, as well as medical centres outside the Group. The community care services segment provide services direct to the community to support independent living.

The Board monitors these various revenue streams within each reportable segment separately however, they do not meet the criteria for separate disclosure due to the following:

- Aggregation of the operating segments within each reportable segment is consistent with the core principal of NZIFRS 8, i.e. aggregating will not distort the interpretation of the financial statements for the users;
- The operating segments within each reportable segment share the same economic characteristics; and
- The nature of the products and services, and the nature of the regulatory environment are the same for the operating segments.

Operating segments

Information about reportable segments

March 2015	Pharmacy retail services $'000	Medical services $'000	Community Care services $'000	Intersegment eliminations $'000	Total $'000
External revenues	265,268	24,722	32,488	-	322,478
Total revenue	**265,268**	**24,722**	**32,488**	**-**	**322,478**
Interest income	1,246	66	8	(351)	969
Interest expense	(918)	(570)	(84)	351	(1,221)
Depreciation and amortisation	(3,949)	(409)	(141)	-	(4,499)
Reportable segment profit before income tax	**23,262**	**1,920**	**262**	**-**	**25,444**
Tax expense	(6,069)	(411)	(74)	-	(6,554)
Profit after tax	17,193	1,508	189	-	18,890
Non-controlling interest	(4,465)	-	-	-	(4,465)
Net profit attributable to the shareholders of the Parent	**12,728**	**1,508**	**189**	**-**	**14,425**
Share of equity accounted net earnings	393	611	-	-	1,004
Reportable segment assets	141,002	33,211	28,497	(11,659)	191,051
Equity accounted investments	3,493	3,649	-	-	7,142
Capital expenditure	6,011	72	301	-	6,384
Reportable segment liabilities	64,129	21,553	17,607	(11,659)	91,630

5. Segment reporting (continued)

March 2014	Pharmacy retail services $'000	Medical services $'000	Community Care services $'000	Intersegment eliminations $'000	Total $'000
External revenues	245,518	12,431	-	-	257,949
Total revenue	**245,518**	**12,431**	**-**	**-**	**257,949**
Interest income	888	60	-	-	948
Interest expense	(994)	(154)	-	-	(1,148)
Depreciation and amortisation	(3,801)	(174)	-	-	(3,975)
Reportable segment profit before income tax	**24,048**	**2,366**	**-**	**-**	**26,414**
Tax expense	(7,040)	(542)	-	-	(7,582)
Profit after tax	17,008	1,824	-	-	18,832
Non-controlling interest	(3,798)	-	-	-	(3,798)
Net profit attributable to the shareholders of the Parent	**13,210**	**1,824**	**-**	**-**	**15,034**
Share of equity accounted net earnings	119	526	-	-	645
Reportable segment assets	125,826	12,994	-	(4,360)	134,460
Equity accounted investments	3,319	2,709	-	-	6,028
Capital expenditure	3,096	138	-	-	3,234
Reportable segment liabilities	40,456	8,950	-	(4,360)	45,045

Revenue recognition

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer and the amount of revenue can be measured reliably, which is at point of sale in the case of pharmacy stores.

(ii) Rendering of services

The Group earns revenue from the provision of medical services and community care services and services to associates, joint ventures and franchisees. Revenue is recognised when services have been provided to patients and in the case of other services, in accordance with the terms of the relevant franchise, marketing or other service support agreements.

(iii) Loyalty programme

The Group operates its own Living Rewards loyalty programme. When a sale is made and points are earned, the resulting revenue is allocated between the loyalty programme and the other components of the sale. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when the Group has fulfilled its obligations to supply the products under the terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

6. Business combinations

a) On 29 October 2014 the Group acquired 100% of the shares in Peak Primary Limited. The acquisition was to expand our medical business towards becoming a leading provider of primary health care services in New Zealand.

Identifiable assets acquired and liabilities assumed	**Carrying value $'000**	**Fair value $'000**
Cash and cash equivalents	1,287	1,287
Trade and other receivables	387	387
Inventories	136	36
Deferred tax asset	-	668
Property, plant and equipment	2,781	2,578
Payables and accruals	(3,727)	(3,817)
Borrowings	(3,320)	(3,320)
Net liabilities assumed	**(2,456)**	**(2,181)**
Consideration transferred		
Satisfied by:		
Non cash consideration		6,306
Net cash consideration		7,443
Total consideration		**13,749**

Goodwill
Goodwill recognised as a result of the acquisition is as follows:

Total consideration	13,749
Net liabilities assumed	2,181
Goodwill	15,930

The goodwill recognised as a result of the acquisition reflects expected synergies to be realised and intangible assets that do not qualify for separate recognition.

The amount of revenue for Peak Primary Limited included in the consolidated statement of comprehensive income is $10.5 million with a net loss after tax of $16,000. Had the acquisition of Peak Primary Limited taken place on 1 April 2014, revenue of $26.1 million and a net loss after tax of $531,000 would have been included in the consolidated statement of comprehensive income.

The non cash consideration is the present value of the liability associated with a vendor put option over 17.5% of the shares in Radius Medical Limited which was transferred to the vendor as part of this transaction. The put option is valued based on an exercise date in 2017. The Group has accounted for this element of the consideration using the anticipated acquisition method, and accordingly no non-controlling interest has been recognised in the Radius Medical Group.

6. Business combinations (continued)

b) On 1 December 2014 the Group acquired 100% interest in Access Homehealth Limited. The acquisition will allow the Group to offer comprehensive primary health services to communities throughout New Zealand.

Identifiable assets acquired and liabilities assumed	**Carrying value $'000**	**Fair value $'000**
Cash and cash equivalents	123	123
Trade and other receivables	10,655	10,655
Inventories	85	85
Property, plant and equipment	598	598
Intangible assets	691	691
Deferred tax asset	-	2,350
Payables and accruals	(12,200)	(12,813)
Borrowings	(6,000)	(6,000)
Net liabilities assumed	**(6,048)**	**(4,311)**
Consideration transferred **Satisfied by:**		
Net cash consideration		10,510
Total consideration		**10,510**
Goodwill *Goodwill recognised as a result of the acquisition is as follows:*		
Total consideration		10,510
Net liabilities assumed		4,311
Goodwill		14,821

The goodwill recognised as a result of the acquisition reflects expected synergies to be realised and intangible assets that do not qualify for separate recognition.

The amount of revenue for Access Homehealth Limited included in the consolidated statement of comprehensive income is $32.5 million with a net profit after tax of $189,000. Had the acquisition of Access Homehealth Limited taken place on 1 April 2014, revenue of $98.9 million and a net profit after tax of $451,000 would have been included in the consolidated statement of comprehensive income.

c) During the year the Group acquired a controlling interest in Apollo Pharmacy (2014) Limited, Hutt Valley Pharmacy 2014 Limited and Tucker Consulting Limited. None of these acquisitions are material to the Group's result.

Identifiable assets acquired and liabilities assumed	**Carrying value $'000**	**Fair value $'000**
Identifiable net assets	**636**	**636**
Consideration transferred		
Satisfied by:		
Net cash consideration		4,225
Total consideration		**4,225**
Goodwill		
Goodwill recognised as a result of the acquisition is as follows:		
Total consideration		4,225
Identifiable net assets		(636)
Goodwill		3,589

The amount of revenue included in the consolidated statement of comprehensive income is $7.8 million with a net profit after tax of $187,000.

7. Other expenses

	2015 $'000	2014 $'000
Audit fees	183	197
Other services provided by auditors	116	62
Directors' fees in respect of the Parent company	331	330
Directors' fees in respect of the subsidiary companies	154	147
Bad debts written off and movement in doubtful debt provision	(30)	(5)
Other operating costs	13,839	13,805
	14,593	14,536
Auditor's remuneration to KPMG comprises:		
Annual audit of financial statements	143	165
Audit of subsidiaries	40	32
	183	197
Other services provided by auditors:		
Taxation services	58	47
Other services	58	15
	116	62

Tax services relate to compliance and related services. Other services relate to due diligence services and sector benchmarking.

8. Income tax expense

(a) Income tax expense	2015 $'000	2014 $'000
Current tax expense	(6,686)	(7,684)
Deferred tax expense	132	102
	(6,554)	(7,582)
Total income tax expense		

Imputation credit account:

Available for use in subsequent periods $3,255,000 (2014: $6,674,000).

(b) Numerical reconciliation between tax expense & pre-tax accounting profit	2015 $'000	2014 $'000
Profit before tax	25,444	26,414
Income tax expense at 28%	(7,124)	(7,396)
Deduct/(add) the tax effect of adjustments		
Prior period adjustment	221	(206)
Other	349	20
	(6,554)	(7,582)

Taxation accounting policy

Income tax expense is charged to profit and loss and comprises current tax and deferred tax, unless it relates to an item recognised in other comprehensive income or equity in which case it is recognised in other comprehensive income or equity.

Current tax is the estimated tax payable on the current period's taxable income using current tax rates, adjusted for any under or over accrual in respect of prior periods.

Deferred tax is recognised using the balance sheet liability method, allowing for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the carrying amounts for tax purposes. A deferred tax asset is recognised to the extent that it is probable that the future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realised.

9. Earnings and assets per share

The earnings per share, net assets per share and dividend per share are calculated using the Group's result divided by the weighted average number of shares for the listed entity, Green Cross Health Limited.

	2015	2014
Basic earnings per share (cents)	10.91	11.83
The calculation of basic earnings per share is based on the profit attributable to equity holders of the Parent and a weighted average number of ordinary shares issued during the year of 132,242,000 (2014: 127,102,000).		
Diluted earnings per share (cents)	10.88	11.79
The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Parent and a weighted average number of ordinary shares issued during the year after the adjustment for the effects of all dilutive ordinary shares of 132,626,000 (2014: 127,547,000).		
Net tangible assets per share (cents)	0.11	22.90
The calculation of net tangible assets per share is based on net assets less deferred tax and intangible assets (refer Note 13 and Note 14) and the closing number of ordinary shares at the end of the year. The net assets of the company including deferred tax and intangible assets is $99.4 million (2014: $89.4 million).		

10. Distribution to owners comprises

The dividends per share (cents)	7.00	7.00

In December 2014 Green Cross Health Limited paid an interim dividend of 3.5 cents per qualifying share to shareholders, which was fully imputed to 28%.

In June 2014 Green Cross Health Limited paid a final dividend for the March 2014 year of 3.5 cents per qualifying share to shareholders, which was fully imputed to 28%.

11. Trade and other receivables

	2015 $'000	2014 $'000
Trade receivables	12,385	5,081
Accrued income	7,884	4,328
Other receivables and prepayments	2,871	1,106
Provision for doubtful debts	(446)	(249)
	22,694	10,266

12. Property, plant and equipment

Opening cost	38,409	37,153
Acquisitions through business combinations	3,522	532
Additions	3,460	1,862
Disposals	(946)	(1,138)
Closing cost	44,445	38,409
Opening accumulated depreciation	29,296	26,436
Depreciation for the period	3,747	3,629
Disposals	(910)	(769)
Closing accumulated depreciation	32,133	29,296
Closing book value	12,312	9,113
Work in progress	1,122	418
Total property, plant and equipment	**13,434**	**9,531**

Property, plant and equipment accounting policy

Property, plant and equipment owned by the Group is stated at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment acquired in stages is not depreciated until the asset is ready for its intended use.

Depreciation is provided on a straight-line basis on all property, plant and equipment components to allocate the cost of the asset (less any residual value) over its useful life or if it relates to assets in a leased premises, the life of the lease if shorter. The residual values and remaining useful lives of asset components are reviewed at least annually.

Current estimated useful lives of property, plant and equipment are between two and ten years.

Subsequent expenditure that extends or expands the useful life of property, plant and equipment or its service potential is capitalised. All other costs are recognised in the profit and loss as expenditure when incurred.

Any resulting gain or loss on disposal of an asset is recognised in the profit and loss in the period in which the asset is disposed of.

13. Intangible assets

Software and other intangible assets	Note	2015 $'000	2014 $'000
Opening cost		3,724	2,440
Acquisitions through business combinations	6	691	-
Additions		2,255	1,294
Disposals		-	(10)
Closing cost		6,670	3,724
Opening accumulated amortisation		2,327	1,984
Amortisation for the period		752	347
Disposals		-	(4)
Closing accumulated amortisation		3,079	2,327
Closing book value		3,591	1,397
Goodwill			
Opening cost		55,476	51,696
Additions	6	34,340	3,780
Closing cost		89,816	55,476
Total intangible assets		**93,407**	**56,873**

Intangible assets accounting policy

Intangible assets recognised by the Group are stated at cost less accumulated amortisation and any impairment losses with the exception of goodwill (see below).

Intangible assets acquired in stages are not amortised until the asset is ready for its intended use.

Amortisation is provided on a straight-line basis on all intangible asset components to allocate the cost of the asset (less any residual value) over its useful life. The residual values and remaining useful lives of intangible asset components are reviewed at least annually.

Estimated useful lives of software and other intangibles is 3 - 5 years.

Subsequent expenditure that extends or expands the useful life of an intangible asset or its service potential is capitalised. All other costs are recognised in the profit and loss as expenditure when incurred.

Any resulting gain or loss on disposal of an intangible asset is recognised in the profit and loss in the period in which the intangible asset is disposed of.

Intangible assets disclosed in the financial statements relate to computer software, trademarks and other indefinite life intangible assets. Indefinite life intangible assets are tested annually for impairment.

Goodwill accounting policy

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of purchase consideration over the fair value of the net identifiable tangible and intangible assets at the time of acquisition.

Goodwill is allocated to the relevant cash generating unit (CGU) expected to benefit from the acquisition and tested for impairment annually, or earlier at any interim reporting dates if there are indicators of impairment.

If the recoverable amount is less than the carrying amount of the CGU then an impairment loss is recognised in the profit and loss and the carrying amount of the asset is written down. Recoverable amount is calculated as the greater of the fair value less cost to sell and value in use.

The relative value of the goodwill allocated to the relevant CGU is included in the determination of any gain or loss on disposal.

Impairment testing

Discounted cash flow (DCF) models have been based on three year forecast cash flow projections. The Board approved budget for the year-ending 31 March 2016 is the basis for the first year's projections and projections for subsequent periods have been based on the Group's three year business plan. Terminal cash flows are projected to grow in-line with the long-term inflation rate.

	Impairment test assumptions		
	Pharmacy	**Medical**	**Community Care**
Discount rate - post tax	12.5%	9.4%	11.6%
Terminal growth rate	2%	2%	2%
Carrying amount of goodwill allocated to the unit ($000)	52,605	22,390	14,821
Carrying value of other intangible assets with indefinite useful lives ($000)	1,643	-	-

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. Within pharmacy and medical, whilst a CGU may be an individual store or medical centre, goodwill is allocated across all CGUs within a division that have similar economic characteristics and collectively benefit from acquisitions that increase the Group's portfolio.

Sensitivities

No impairment was identified for any CGU tested as a result of this review, nor under any reasonably possible change in any of the key assumptions described above.

14. Deferred tax asset

The movement in deferred tax asset during the year is made up of the following:

	Opening $'000	Recognised in profit or loss $'000	Recognised on acquisition (note 6) $'000	Closing $'000
2015				
Property, plant and equipment	1,325	90	-	1,415
Provisions	1,023	55	3,018	4,096
Tax losses	371	(13)	-	358
	2,719	132	3,018	5,869
2014				
Property, plant and equipment	1,171	170	(16)	1,325
Provisions	1,041	(5)	(13)	1,023
Tax losses	434	(63)	-	371
	2,646	102	(29)	2,719

15. Equity accounted group investments

	2015 $'000	2014 $'000
The movement in equity accounted investments comprises:		
Opening carrying amount	6,028	3,498
Investment in associates and joint ventures	784	2,277
Share of net earnings	1,004	645
Dividend	(674)	(392)
	7,142	6,028

There are no individually material associates or joint ventures.

	2015 $'000	2014 $'000
Amount of goodwill within the carrying amount of equity accounted group investments:		
Opening carrying amount	3,685	2,225
Investment in associates and joint ventures	802	1,460
	4,487	3,685

Summary associate and joint venture financial information

The aggregate results of the associates and joint venture financial position and current year's profit are as follows:

	Assets $'000	Liabilities $'000	Revenue $'000	Net profit after tax $'000
As at and for the year ended 31 March 2015	13,930	8,240	48,840	2,734
As at and for the year ended 31 March 2014	11,861	7,929	40,496	2,431

15. Equity accounted group investments (continued)

Reporting dates

The controlled entities and all associates have a 31 March reporting date.

Impairment testing of the carrying amount of equity accounted investments

The carrying value of equity accounted investments is tested for impairment annually using a value in use DCF model, where an indicator of impairment has been identified. The following triggers have been identified as the indicators of impairment:

- Loss making associates or associates that are behind budget
- Associates whose market value is below the carrying value
- Adverse economic conditions that may affect the associate.

Where present the investment is tested for impairment using a value in use discounted cash flow model, the basis for which is described in note 13. No impairment was identified as a result of this exercise.

Sensitivities

No impairment was identified for any of the associates tested as a result of this review, nor under any reasonable possible change in any of the key assumptions described above.

Investments in associates and joint ventures accounting policy

An associate is an investee over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but not to control or jointly control those policies.

A joint venture is a joint arrangement in which the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of the arrangement which only exists when decision about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated into the financial statements of the Group using the equity method of accounting. Under the equity method, the initial investment in the Group financial statements is measured at cost and adjusted thereafter for the Group's share of profit or loss and other comprehensive income of the associate and joint venture. Any goodwill arising on the acquisition of an associate or joint venture investment is included in the carrying amount of the investment net of dividends received. Where the Group's share of losses of the associate of joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of losses unless it has a legal or constructive obligation to continue doing so. The equity method is discontinued where the Group ceases to exert significant influence over the investee.

Accounting policies adopted by associates and joint ventures are generally consistent with those of the Group. Where a material difference does exist, appropriate adjustments are applied to ensure congruence with the policies of the Group, the most significant of these being the recognition of deferred tax.

16. Trade and other payables and income taxes payable

	2015 $'000	2014 $'000
Trade payables	22,976	18,981
Payable to non-controlling interest	2,977	2,677
Accruals	12,211	8,091
Employee entitlements	12,100	2,939
	50,264	32,688
Income tax payable	1,238	2,876
	51,502	35,564

Employee entitlements accounting policy

Employee entitlements for salaries, bonuses, long service and annual leave are provided for and recognised as a liability when benefits are earned by employees but not paid at the reporting date.

17. Borrowings

	2015 $'000	2014 $'000
Current	7,892	3,137
Non-current	31,059	6,154
	38,951	9,291

The Group's interest rates on outstanding loans are calculated based on BKBM plus a margin. The current interest rates are between 5.30% and 6.08% (2014: 4.81% - 7.27%).

The security provided by the partners in subsidiaries are several. Green Cross Health Limited has provided guarantees in favour of ANZ Bank New Zealand Limited, with back-to-back guarantees received from each partners shareholding limiting the Group's ultimate exposure to commensurate with Green Cross Health Limited's shareholding in each subsidiary. Security has also been provided by Green Cross Health Limited in favour of Westpac Banking Corporation in relation to various medical centre loans and a Access Homehealth Limited loan.

Included in the non current borrowings is a vendor put liability in relation to the acquisition of Peak Primary Limited (refer note 6).

Borrowings and advances accounting policy

Borrowings and advances are initially recognised at fair value, including directly attributable transaction costs. Subsequent to initial recognition, borrowings and advances are measured at amortised cost using the effective interest method, less any impairment losses on advances.

18. Operating cash flows reconciliation

	2015 $'000	2014 $'000
Profit after tax for the year	18,890	18,832
Add/(deduct) non-cash items:		
Depreciation and amortisation	4,499	3,975
Other non-cash items	(793)	(183)
Add/(deduct) changes in working capital items:		
Receivables and accruals	(1,060)	(326)
Inventory	(771)	559
Payables and accruals	778	389
Net cash inflow from operating activities	**21,543**	**23,246**

19. Shares on issue

Shares authorised and on issue		
Opening number of shares	130,740	125,512
Shares issued - fully paid	3,498	4,978
Shares issued - partly paid	150	250
	134,388	130,740
Shares held as treasury stock	(500)	(517)
Closing number of shares	**133,888**	**130,223**

All ordinary shares carry equal rights in terms of voting, dividend payments and distribution upon winding up.

Treasury stock

The redeemable ordinary shares held by Life Pharmacy Trustee Company Limited to satisfy the Senior Management Incentive Schemes have not been included in the calculation of the total number of shares issued by the Group as these shares have not been issued externally by the Group.

Share capital

Incremental costs directly attributable to the issue of ordinary shares, share options and share capital are recognised as a deduction from equity.

20. Financial instruments

The Group is party to financial instruments as part of its normal operations. Financial instruments include cash and cash equivalents, borrowings, trade and other receivables and trade and other payables.

Financial instruments are initially recognised at their fair value less transaction costs, and subsequently measured at their amortised cost. A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets are classified as loans and receivables and financial liabilities at amortised cost.

Risk management policies are used to mitigate the Group's exposures to credit risk, liquidity risk and market risk that arise in the normal course of operations.

Credit risk

The Group's maximum credit risk resulting from a third party defaulting on its obligations to the Group is represented by the carrying amount of each financial asset on the statement of financial position. The Group is not exposed to any material concentrations of credit risk other than its exposure within the retail pharmacy and government sectors. The Group monitors credit limits on a monthly basis. All credit facilities to external parties are provided on normal trade terms (unsecured, to a maximum of 50 days). At any one time, the Group generally has amounts owed to and amounts owed by the same counterparty, although no legal right of set-off exists. The Parent company holds direct debit authorities for amounts payable under the contractual terms of its franchise agreements. The Parent regularly monitors the credit ratings issued, and any qualifications to those ratings, to the financial institutions (and those of the ultimate Parent financial institution) used by the Group.

The status of trade receivables at reporting date is as follows:

	Gross receivable	Impairment	Gross receivable	Impairment
	2015 $'000	2015 $'000	2014 $'000	2014 $'000
Not past due	19,544	-	8,727	-
Past due 0-30 days	1,027	-	947	-
Past due 31-120 days	548	(42)	606	(14)
Past due more than 120 days	2,021	(404)	235	(235)
Total	**23,140**	**(446)**	**10,515**	**(249)**

Included within the past due more than 120 days is $1.6 million of accounts receivable that have been guaranteed by Rural Women New Zealand Incorporated as part of the acquisition of Access Homehealth Limited.

20. Financial instruments (continued)

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls. The following table sets out the contractual cash flows for financial liabilities that are settled on a gross cash flow basis:

	Carrying Value $'000	Contractual cash flows $'000	Less than one year $'000	Between one year and two years $'000	Between two years and five years $'000
2015					
Borrowings	38,951	42,343	9,385	12,436	20,522
Trade and other payables	38,164	38,164	38,164	-	-
Total non-derivative liabilities	**77,115**	**80,508**	**47,549**	**12,436**	**20,522**
2014					
Borrowings	9,291	9,291	3,137	2,678	3,476
Trade and other payables	29,749	29,749	29,749	-	-
Total non-derivative liabilities	**39,040**	**39,040**	**32,886**	**2,678**	**3,476**

Market risk

As interest rates change, the fair value of financial instruments may change. Refer to note 17 for details of the interest rates and re-pricing for the Group loans and borrowings, which are the most significant financial instruments.

Capital management

The Group's capital includes share capital and retained earnings. The Group is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business segments' operations and activities is, to a large extent, driven by the optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operation.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The carrying amount of the Group's on-balance sheet financial instruments including trade and other receivables, cash and cash equivalents, borrowings and trade and other payables, closely approximate their fair values as at 31 March 2015 and 31 March 2014.

21. Related parties

During the period, there was one director who had a shareholding in a subsidiary and also had a shareholding in the Parent company.

The Group has commercial franchise agreements with stores relating to marketing levies and franchise fees. The Group also enters into transactions on behalf of the stores which are on-charged. These transactions comprise items such as training courses, supplier agreements, central advertising campaigns, loyalty card costs, and IT related costs. The Parent has leased some equipment which is on-leased to associate companies. The Parent performs accounting services, based on commercial fees, for some of the stores.

The Parent has shareholder agreements with the other shareholders of the associates. The agreements set out the return on investment/profit sharing arrangements relating to these investments.

Related party transactions for the Group:

	Transaction value		Balance outstanding	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Equity earnings from associates	1,004	645	-	-
Franchise fees and on-charged costs with equity accounted investments	34	31	1	3
Management service charges to equity accounted investments	1,382	1,738	146	169
Total owing from equity accounted investments			147	172
Receivable from other related parties			1,452	225
Payable to non-controlling interests (note 16)			2,977	2,677
Payable to other related parties			-	754

Key management personnel remuneration

The Group provides compensation to key management personnel which comprises the directors and executive officers. The CEO and other senior executives also participate in the share option scheme. Key management personnel includes the divisional CEO's, the CFO and company directors. Compensation comprised:

	2015 $'000	**2014 $'000**
Short-term employee benefits	1,744	2,159
Share vesting costs	76	155
	1,820	2,314

The prior year comparison has been restated to achieve comparability with the identified key management personnel.

22. Non-cancellable operating leases

	2015 $'000	2014 $'000
Due within one year	15,364	11,851
Due between one and five years	33,289	24,201
Due after five years	4,985	7,200
	53,638	43,252

The future lease payments comprise leased office equipment, vehicles and premises.

Leases accounting policy

The Group is party to operating leases as a lessee. The lessors retain substantially all of the risks and rewards of ownership of the leased assets. Operating lease payments are recognised and included in the profit and loss on a straight line basis over the period of the lease.

Lease incentives received are recognised in the profit and loss as an integral part of the total lease expense over the life of the lease, with any unamortised incentive recognised as a liability in the statement of financial position.

23. Share based payments

(a) Description of share-based payment arrangements

At 31 March 2015, the Group had the following share-based payment arrangements:

Redeemable Ordinary Shares (ROS) granted to key management personnel: 150,000 instruments were granted on 2 October 2014 and are exercisable over the period from 1 October 2016 to their expiry date on 1 October 2019, with no more than one third being exercisable prior to 1 October 2016 and two thirds prior to 1 October 2017.

In addition, a further 150,000 instruments were granted on 2 December 2013 and are exercisable over the period from 1 October 2015 to their expiry date on 1 October 2019, with no more than one third being exercisable prior to 1 October 2016 and two thirds prior to 1 October 2017.

ROS granted to senior managers: 800,000 instruments were granted on 24 April 2012 and are exercisable in three equal amounts in each of 2013, 2014 and 2015. These expire on 1 October 2017. In addition, a further 100,000 instruments were granted on 14 February 2014, which are exercisable over the period 1 December 2015 to their expiry date on 1 December 2019, with no more than one third being exercisable prior to 1 October 2016 and two thirds prior to 1 October 2017.

The ROS have been issued by the Parent to Life Pharmacy Trustee Company Limited as trustee of a trust that holds the shares on behalf of the employees. Each ROS is partly-paid to $0.01 and carries an entitlement to dividends and voting rights in proportion to the extent paid. On exercise, the ROS are fully paid and converted into ordinary shares. The total charged to the profit and loss in the period was $75,658 (2014: $155,006).

(b) Measurement of fair value

The fair value of the ROS has been calculated using the Black-Scholes formula. The inputs used in the measurement of the fair values at the grant-date of the ROS were at follows:

	Key management		Senior management	
	2/10/14	**2/12/13**	**12/2/14**	**24/4/12**
Fair value at grant date	$0.40	$0.22	$0.22	$0.34
Share price at grant date	$1.72	$1.27	$1.26	$0.70
Exercise price	$1.72	$1.27	$1.26	$0.70
Expected volatility	30%	30%	30%	60%
Expected life	3 years	3 years	3 years	3 years
Expected dividends	0.1%	0.1%	0.1%	-
Risk-free rate	3.5%	3.1%	3.2%	2.6%

The expected life is the mid-point of the three tranches under which each of the schemes can be exercised from the grant date. Expected volatility has been based on an evaluation of the historic volatility of the Parent's share price.

(c) Reconciliation of outstanding ROS

	Number of instruments 2015 '000	weighted average exercise price 2015	Number of instruments 2014 '000	weighted average exercise price 2014
Outstanding at 1 April	517	$0.97	866	$0.64
Exercised during the year	(167)	$0.70	(599)	$0.62
Granted during the year	150	$1.72	250	$1.27
Outstanding at 31 March	**500**	**$1.29**	**517**	**$0.97**
Exercisable at 31 March	-	n/a	-	n/a

Instruments outstanding at 31 March 2015 had exercise prices of $0.70 - $1.72 (2014: $0.70 - $1.27) and a weighted average contractual life of 4.5 years (2014: 4.5 years). The weighted average share price at the date of exercise for ROS during the year was $1.60 (2014: $1.30).

Share based payments accounting policy

Equity-settled share based payments awarded to employees are measured at fair value at the date of grant and are recognised as an employee expense, with a corresponding increase in equity, over the period from the date of grant to the date on which the employees become unconditionally entitled to the option. The fair value at grant date is determined using an appropriate valuation model.

At each reporting date, the Group revises the estimate of the number of options expected to vest. The cumulative expense is revised to reflect the revised estimate, with a corresponding adjustment to equity.

24. Subsequent events

On 26 May 2015 Green Cross Health Limited declared dividends of 3.5 cents per qualifying ordinary share, which will be fully imputed to 28%.

No adjustments are required to these financial statements in respect to this event.


BENNETT'S BUILDINGS
1922
life
Pharmacy
life
Pharmacy
PRESCRIPTI
LANCOME
LANCOME

Board of Directors

For the year ended 31 March 2015

Peter Merton, Chairman

Peter Merton, an Otago University Pharmacy graduate, has been involved in the pharmaceutical industry in New Zealand and overseas since the early 1980s. His involvement with the Group goes back to the late 1990s, and he played an active part in the initial industry consolidation when Amcal and Unichem brands merged to form Pharmacybrands Limited (later renamed Green Cross Health Limited) approximately 12 years ago.

Following the merger of Life Pharmacy Limited with Pharmacybrands Limited in 2009, Peter assumed the role of Chairman of the Group. He is also a significant shareholder in the Company through his interest in Cape Healthcare Limited.

Peter has previously held the roles of Chief Executive of the Propharma/Healthcare Logistics businesses and director of EBOS Group Limited.

Andrew Bagnall, Non-Executive Director

Andrew Bagnall holds a Commerce Degree from Otago University and an MBA from Michigan State University. Andrew was a significant investor in Life Pharmacy Limited and following the merger with Pharmacybrands Limited (later renamed Green Cross Health Limited) has continued to hold a significant shareholding in the merged entity.

In Andrew's earlier career, he was a leading figure in the New Zealand travel industry establishing and managing Gullivers Travel Group which became the major distributor of wholesale and retail travel services in New Zealand. Gullivers Travel Group was eventually listed on the NZX and Australian stock exchanges ("ASX"), and subsequently sold to ASX listed S8. Andrew was also involved in co-developing one of New Zealand's first commercial retirement villages.

Andrew now runs his own private investment company, "Segoura", which manages investments in various businesses and he maintains a keen interest in sports car racing.

John Bolland, Non-Executive Director

John Bolland has more than 20 years business experience in private equity, senior management and corporate finance. This includes 14 years with Ernst & Young, where he had Partner level responsibility in Corporate Finance, Audit and Business Advisory. John's current role is managing a closely held private investment fund, including non-executive roles in a number of the fund's investments. John holds a Bachelor of Commerce from the University of Auckland and is a member of the New Zealand Institute of Chartered Accountants.

Patrick Davies, Non-Executive Director

Patrick Davies has been in executive management roles in the healthcare industry for over twenty years having held senior roles across many industry sectors including pharmacy, primary care, pharmaceutical and consumer products. In July 2014, Patrick was appointed to his current position of Chief Executive Officer of EBOS Group Limited, a company listed on the NZX and ASX that has leading positions in various healthcare market segments in New Zealand and Australia with a long heritage in the pharmacy industry in particular.

Dame Margaret Millard, Independent Director

Dame Margaret Millard runs a farm in partnership with her husband and is currently a director on C. Alma Baker Trust (NZ) Limited, a trustee on the Eastern and Central Community Trust, trustee on the Manawatu Stewart Centre (a client centred, community based social rehabilitation for people with brain injuries) and chair of the Manawatu Rangitikei Rural Family Support Trust. Dame Margaret was on the Nursing Council of NZ for 8 years. She has been a member of Rural Women New Zealand for over 30 years and has been heavily involved in a number of community initiatives both in New Zealand and across the world.

Ken Orr, Independent Director

Ken Orr has had over 25 years as a community pharmacist and is currently a partner in a group of pharmacies in Northland. Mr Orr has been a director of Manaia Health PHO Limited since formation in 2003 and is currently President of the NZ Pharmacy Guild, which represents the business interests of community pharmacies.

Ken joined the Board in September 2009 as an alternate director and was appointed as an Independent Director of the Company in March 2012.

Keith Rushbrook, Independent Director

Keith Rushbrook is a retired partner of the international accounting firm KPMG, having been in public practice with that firm for 27 years. During that time he was Partner in Charge of the Audit Practice, Chairman of the Auckland Office and led the Auckland Consulting Practice prior to its sale to Bearing Point New Zealand Limited.

Keith is a Fellow Member of the New Zealand Institute of Chartered Accountants and has been Chairman of its Audit Committee, Deputy Chairman of the Accounting Research and Standards Board, Chairman of the Working Party that developed the Conceptual Framework for Financial Reporting in New Zealand and Chairman of Advanced Business Education Limited, a subsidiary of the Institute. He was also Manager of the Accounting Standards Review Board during the period of implementation of NZ IFRS.

He is a director of a number of companies including; Austins Food Design and Events Limited, KC Securities Limited, Corporate Trust Committee of Foundation Corporate Trust. He is also Chairman of the Advisory Board of Development West Coast.

Ian Sharp, Independent Director

Ian Sharp is a director and shareholder of CHB Apothecary Limited which operates Unichem Waipukurau pharmacy. Ian has been a qualified pharmacist for 38 years and a pharmacy owner for 35 years, during which time he has seen the amalgamation of two pharmacies into his current business. Ian is a trustee of the CHB Mayoral Health Taskforce. He has been a member of the Company's Board since the merger of Life Pharmacy Limited and Pharmacybrands Limited in 2009 and prior to that was a member of Pharmacybrands Board from 2004. Ian is also a CHB District Councillor.


Unichem
Pharmacy
Unichem

Corporate governance

For the year ended 31 March 2015

Role of the Board of Directors

The Board is responsible for the strategic direction and objectives of the Company and sets the policy framework within which Green Cross Health must operate. The CEO, Green Cross Health – Pharmacy, The Managing Director and CEO, Green Cross Health – Medical and the Access Homehealth CEO are appointed by the Board, and have delegated authority for the day-to-day operations of their respective divisions.

Board composition and structure

The Board comprises four independent directors and four non-executive directors. Two directors have been nominated by LPL Trustee Limited and elected by shareholders (Andrew Bagnall and John Bolland) and two directors have been nominated by Cape Healthcare Limited and elected by shareholders (Peter Merton and Patrick Davies). The independent directors are selected to ensure that the appropriate skills and experience are available. In accordance with the NZX Listing Rules, one third of the Directors are required to retire by rotation every year and may offer themselves for re-election by shareholders.

The Board holds regular scheduled meetings and follows procedures that ensure that all directors have the necessary information to participate in an informed discussion on all agenda items and effectively carry out their duties. The CEO Pharmacy, CFO and key senior managers attend appropriate sections of Board meetings.

Board meetings

The following table outlines the number of board meetings attended by Directors during the course of the 2015 financial year.

Director	Meetings held	Meetings attended
John (Andrew) Bagnall [1]	7	6
John Bolland	7	6
Patrick Davies	7	4
Peter Merton	7	7
Margaret Millard [2]	2	2
Kenneth Orr	7	7
Keith Rushbrook	7	7
Ian Sharp	7	7
Mark Vuksich [3]	2	2

1. Mary-Elizabeth Tuck is the alternate to Andrew Bagnall. She has attended 3 board meetings on behalf of Andrew Bagnall
2. Dame Margaret Millard was appointed as a director on 16 December 2014
3. Mark Vuksich retired as a director on 29 July 2014

Code of Ethics

The Company has established a Code of Ethics to govern its conduct. The Code addresses ethical issues, establishes compliance standards and procedures, provides mechanisms to report unethical behaviour and provides for disciplinary actions.

Shareholder relations

The Board will ensure that shareholders are informed of major developments affecting the Company. Information is available through the Annual and Interim Reports, with shareholders able to participate at each Annual General Meeting. Any material information affecting the Company during the intervening period is announced to the financial markets via the NZX under the Board's policy for continuous disclosure.

Insider trading guidelines

The Board has issued guidelines to prevent insider trading to all directors, deemed directors, officers and other restricted persons of Green Cross Health. All directors, deemed directors, officers and other restricted persons of the Group must formally apply for consent to trade the Company's securities from the CFO before undertaking any sales or purchases.

The Board reviews all consents granted at each Board meeting. The directors, deemed directors, officers and other restricted persons of the Group are obliged to complete and submit disclosure notices to the NZX within five days of any trades being settled.

Board Committees

The Board has five standing committees described as follows. The Board annually reviews the performance of the standing committees against written charters.

Remuneration and Nominations Committee

This committee comprises two independent directors and two non-executive directors, who meet as required to:

- Review the remuneration of the CEO, Green Cross Health - Pharmacy, The Managing Director and CEO, Green Cross Health - Medical and the Access Homehealth CEO and approve remuneration of the their direct reports
- Make recommendations to shareholders for non-executive and independent director remuneration
- Recommend director appointments.

Remuneration packages are reviewed annually. Independent external surveys are used as a basis for establishing competitive remuneration.

The composition of the Remuneration and Nominations Committee is Peter Merton (Chairman), Keith Rushbrook, Ian Sharp and John Bolland. The committee meets as required.

Audit Committee

The committee comprises two independent directors and one non-independent director. One of the directors is appointed Chairman who is not the Chairman of the Board. All other directors are entitled to attend the meetings.

The CEO, Green Cross Health - Pharmacy and the CFO attend as ex-officio members and external auditors by invitation of the Chairman. The Audit Committee also meets privately with the external auditors, that is, without management in attendance. All Audit Committee members must be financially literate, with at least one member having a financial background.

The Committee meets a minimum of three times each year. It's responsibilities include to:

- Review the scope and outcome of the external audit
- Review the annual and half yearly financial statements prior to approval by the Board
- Approve the public releases of financial information
- Assess the performance of financial management and monitoring of material corporate risk assessments and internal controls
- Report the proceedings of each meeting to the Board
- Make recommendations to the Board on the appointment of the external auditors, their independence and their fees.

The current composition of the committee is Keith Rushbrook (Chairman), Ian Sharp and John Bolland.

Directors	Meetings held	Meetings attended
John Bolland	3	3
Keith Rushbrook	3	3
Ian Sharp	3	3

Finance and Risk Management Committee

The committee comprises two independent directors and two non-independent directors. One of the directors is appointed Chairman who is not the Chairman of the Board. All other directors are entitled to attend the meetings.

The CEO, Green Cross Health - Pharmacy and the CFO attend as ex-officio members.

The Committee meets a minimum of four times each year. It's responsibilities include to:

- Review potential acquisition proposals and make recommendations to the Board
- Review the Group's annual budgets
- Review capex proposals and make recommendations to the Board
- Report the proceedings of each meeting to the Board.

The current composition of the committee is Keith Rushbrook (Chairman), Peter Merton, Ian Sharp and John Bolland. The committee met four times during the year.

Health and Safety Committee

The committee comprises one independent director and one non-independent director. One of the directors is appointed Chairman. All other directors are entitled to attend the meetings.

The CEO, Green Cross Health - Pharmacy, The Managing Director and CEO Green Cross Health - Medical, the Access Homehealth CEO and CFO attend as ex-officio members.

The Committee meets a minimum of twice each year. It's responsibilities include to:

- Evaluate Health and Safety risks in the Company's business and to report back on status, and recommend as required changes or initiatives to the Board
- Act independently and objectively in monitoring the Company's Health and Safety reporting process and systems including reviewing and appraising the reporting and audit structures in place for the Company's businesses
- Review and appraise Health and Safety audit reports
- Provide an open avenue of communication amount the external Health and Safety policies and guidelines, and the policies and guidelines of the Company's businesses
- Review incident investigations from significant Health and Safety events.

The current composition of the committee is Kenneth Orr (Chairman) and Andrew Bagnall. The committee met twice during the year.

Independent Directors' Committee

The committee comprises the independent directors. It meets as required to assist the Board in discharging its responsibility primarily in relation to matters that arise where there may be a perception of conflict of interest for those members of the Board or Management who hold a management and or ownership role in one or more of the Company's associated companies.

Organisation structure and financial control

The Board has delegated to the executive management team the management responsibilities of the Company. The executive management team is made up of the CEO, Green Cross Health -Pharmacy, The Managing Director and CEO, Green Cross Health - Medical, and the Access Homehealth CEO.

The Board satisfies itself that adequate external insurance cover is in place appropriate to the Company's size and risk profile.

Gender and diversity

The following table sets out a quantitative breakdown of the gender balance of the directors and key personal of the Group.

As at 31 March 2015	**Directors**		**Key management personnel**	
Female	1	13%	-	0%
Male [1]	7	87%	4	100%
Total	**8**		**4**	
As at 31 March 2014				
Female	-	0%	1	33%
Male [1]	8	100%	2	67%
Total	**8**		**3**	

1. Andrew Bagnall has appointed Mary Elizabeth Tuck as his alternate director. Ms Tuck attended three board meetings as Mr Bagnall's alternate in the 12 months ended 31 March 2015 and three board meetings as Mr Bagnall's alternate in the 12 months ended 31 March 2014.

The Company's corporate governance policies and practices are consistent with the NZX Corporate Governance Best Practice Code, except that half of the Remuneration & Nominations Committee is comprised of Independent Directors (rather than at least a majority).


care + advice

Statutory information

For the year ended 31 March 2015

The total annual Directors' remuneration approved for each financial year is capped at $380,000 (from 1 April 2012). The Directors holding office during the year and the remuneration paid or payable to the Directors is as follows:

Director	Appointed	Resigned	Total Fees $
John (Andrew) Bagnall 1^			31,667
John Bolland *+#			31,667
Patrick Davies			31,667
Peter Merton +#			81,667
Margaret Millard	16 December 2014		13,333
Kenneth Orr ¥^			36,667
Keith Rushbrook *¥+#			56,667
Ian Sharp *¥+#			36,667
Mark Vuksich		29 July 2014	11,337
Total			**331,339**

1. Mary-Elizabeth Tuck was appointed on 5 June 2012 as an alternate to Andrew Bagnall. Ms Tuck is paid a portion of Mr Bagnall's fees in a direct arrangement with Mr Bagnall.

* = *Audit Committee member*
+ = *Remuneration and Nominations Committee member*
# = *Finance and Risk Management Committee member*
¥ = *Independent Directors' Committee member*
^ = *Health & Safety committee member*

Employee remuneration

The number of employees or former employees of the Group, not being directors of Green Cross Health Limited, who received remuneration and other benefits in their capacity as employees, the value of which exceeded $100,000 for the year ended 31 March 2015 is set out below:

Employee annual remuneration bands:	**2015**	**2014**
$100,000 - $109,999	12	7
$110,000 - $119,999	8	6
$120,000 - $129,999	1	4
$130,000 - $139,999	6	3
$140,000 - $149,999	8	5
$150,000 - $159,999	3	3
$160,000 - $169,999	2	-
$170,000 - $179,999	-	3
$180,000 - $189,999	3	2
$190,000 - $199,999	3	-
$200,000 - $209,999	1	1
$230,000 - $239,000	-	2
$240,000 - $249,999	1	1
$260,000 - $269,999	1	-
$280,000 - $289,999	1	-
$320,000 - $329,999	-	1
$500,000 - $509,999	-	1
$570,000 - $579,999	1	-
$700,000 - $709,999	-	1
Former employees included in the above bands:	2	6

Donations

The Group made donations to the value of $21,430.

Directors' shareholding and trades

The following table summarises:

(a) the number of shares in the Company held by Directors at 31 March 2015; and

(b) disclosures made by Directors, in accordance with section 148(2) of the Companies Act 1993, of acquisitions and dispositions of relevant interests in shares in the Company during the year.

Directors	Holding 1 April 2014	Issued	Net trades in the period	Holding 30 March 2015
J A Bagnall (i)	40,404,511	1,484,251	70,527	41,959,289
J B Bolland (ii)	40,404,511	1,484,251	70,527	41,959,289
P D Davies (iii)	40,378,571	1,484,179	70,494	41,933,244
P M Merton (iv)	40,378,571	1,484,179	70,494	41,933,244
K R Rushbrook (v)	38,270	1,405	-	39,675
I G S Sharp (vi)	120,146	4,410	-	124,556
K A Orr (vii)	531,281	19,502	-	550,783
M M Millard	-	-	-	-

(i) J A Bagnall is a Director of LPL Trustee Limited and therefore holds a relevant interest of 41,959,289 fully paid ordinary shares in the Company (shares are legally owned by LPL Trustee Limited). This includes a benefical interest in 38,601,732 ordinary shares. Received a beneficial interest in 51,712 fully paid ordinary shares on 9 June 2014 (shares purchased by LPL Trustee Limited for $82,731) to return to percentage of shareholding held of 31.03% prior to the issue of shares to employees. Received beneficial interest in 847,908 fully paid ordinary shares (shares acquired by LPL Trustee Limited for $1,315,953) on reinvestment of dividend under the DRP of Green Cross Health Limited on 23 June 2014. Received a beneficial interest in 18,815 fully paid ordinary shares on 28 November 2014 (shares purchased by LPL Trustee Limited for $39,512) to return to percentage of shareholding held of 31.21% prior to the issue of shares to employees. Received beneficial interest in 636,343 fully paid ordinary shares (shares acquired by LPL Trustee Limited for $1,345,865) on reinvestment of dividend under the DRP of Green Cross Health Limited on 19 December 2014.

(ii) J B Bolland was appointed Director of LPL Trustee Limited on 10 June 2013 and therefore holds a relevant interest in 41,959,289 fully paid ordinary shares in the Company (shares are legally owned by LPL Trustee Limited). This includes a beneficial interest (but no voting rights) in 3,357,557 ordinary shares. Received a beneficial interest in 51,712 fully paid ordinary shares on 9 June 2014 (shares purchased by LPL Trustee Limited for $82,731) to return to percentage of shareholding held of 31.03% prior to the issue of shares to employees. Received beneficial interest in 847,908 fully paid ordinary shares (shares acquired by LPL Trustee Limited for $1,315,953) on reinvestment of dividend under the DRP of Green Cross Health Limited on 23 June 2014. Received a beneficial interest in 18,815 fully paid ordinary shares on 28 November 2014 (shares purchased by LPL Trustee Limited for $39,512) to return to percentage of shareholding held of 31.21% prior to the issue of shares to employees. Received beneficial interest in 636,343 fully paid ordinary shares (shares acquired by LPL Trustee Limited for $1,345,865) on reinvestment of dividend under the DRP of Green Cross Health Limited on 19 December 2014.

(iii) P D Davies is a Director of Cape Healthcare Limited therefore he holds a relevant interest in the 41,933,244 fully paid ordinary shares in the Company owned by Cape Healthcare Limited. Received a beneficial interest in 41,343 fully paid ordinary shares on 5 June 2014 (shares purchased by Cape Healthcare Limited for $65,799) to return to percentage of shareholding held of 31.01% prior to the issue of shares to employees. Received a beneficial interest in 10,336 fully paid ordinary shares on 9 June 2014 (shares purchased by Cape Healthcare Limited for $16,597) to return to percentage of shareholding held of 31.01% prior to the issue of shares to employees. Received beneficial interest in 848,231 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for $1,316,455) on reinvestment of dividend under the DRP of Green Cross Health Limited on 23 June 2014. Received a beneficial interest in 18,815 fully paid ordinary shares on 28 November 2014 (shares purchased by Cape Healthcare Limited for $39,512) to return to percentage of shareholding held of 31.19% prior to the issue of shares to employees. Received beneficial interest in 635,948 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for $1,345,030) on reinvestment of dividend under the DRP of Green Cross Health Limited on 19 December 2014.

(iv) P M Merton is a Director of Cape Healthcare Limited and a trustee of the Pentz Trust which is a 49% shareholder of Cape Healthcare Limited. P M Merton has a relevant Interest in the 41,933,244 fully paid ordinary shares in the Company owned by Cape Healthcare Limited. Received a beneficial interest in 41,343 fully paid ordinary shares on 5 June 2014 (shares purchased by Cape Healthcare Limited for $65,799) to return to percentage of shareholding held of 31.01% prior to the issue of shares to employees. Received a beneficial interest in 10,336 fully paid ordinary shares on 9 June 2014 (shares purchased by Cape Healthcare Limited for $16,597) to return to percentage of shareholding held of 31.01% prior to the issue of shares to employees. Received beneficial interest in 848,231 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for $1,316,455) on reinvestment of dividend under the DRP of Green Cross Health Limited on 23 June 2014. Received a beneficial interest in 18,815 fully paid ordinary shares on 28 November 2014 (shares purchased by Cape Healthcare Limited for $39,512) to return to percentage of shareholding held of 31.19% prior to the issue of shares to employees. Received beneficial interest in 635,948 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for $1,345,030) on reinvestment of dividend under the DRP of Green Cross Health Limited on 19 December 2014.

(v) K R Rushbrook is the holder of a beneficial interest of 39,675 fully paid ordinary shares in the Company (shares are legally owned by First NZ Custodians Limited). Received beneficial interest in 803 fully paid ordinary shares for $1,246 on reinvestment of dividend under the DRP of Green Cross Health Limited on 23 June 2014. Received benefical interest in 602 fully paid ordinary shares for $1,273 on reinvestment of dividend under the DRP of Green Cross Health Limited on 19 December 2014.

(vi) I G S Sharp is the holder of a beneficial interest of 124,556 fully paid ordinary shares in the Company (shares are legally owned by Investment Custodial Services Limited). Received beneficial interest in 2,521 fully paid ordinary shares (shares acquired for $3,913) on reinvestment of dividend under the DRP of Green Cross Health Limited on 23 June 2014. Received beneficial interest in 1,889 fully paid ordinary shares (shares acquired for $3,995) on reinvestment of dividend under the DRP of Green Cross Health Limited on 19 December 2014.

(vii) K A Orr is the holder of a beneficial interest of 550,783 fully paid ordinary shares in the Company (shares are legally owned by Orrs Kaipara Pharmacies Limited and Orrs Pharmacies Limited). Received beneficial interest in 4,237 fully paid ordinary shares (shares acquired by Orrs Pharmacy for $6,576) and 6,912 fully paid ordinary shares (shares acquired by Orrs Kaipara Pharmacies Limited for $10,727) on reinvestment of dividend under the DRP of Green Cross Health Limited on 23 June 2014. Received beneficial interest in 3,174 fully paid ordinary shares (shares acquired by Orrs Pharmacy for $6,713) and 5,179 fully paid ordinary shares (shares acquired by Orrs Kaipara Pharmacies Limited for $10,954) on reinvestment of dividend under the DRP of Green Cross Health Limited on 19 December 2014.

Directors' insurance

Green Cross Health Limited has insured all its directors against liabilities to other parties that may arise from their positions as directors. The insurance does not cover liabilities arising from criminal actions.

General disclosure of interest by directors (section 140(2) of the Companies Act 1993)

The Directors and Alternate Director of the Company named below have made a general disclosure of interest by a general notice disclosed to the Board and entered in the Company's interest register. General notices of interest were given by these Directors during the financial year ended 31 March 2015:

Andrew Bagnall – LPL Trustee Limited (Director & Shareholder), Segoura Limited (sole Shareholder and Director), Plan B Limited (Director & Shareholder), Waiora Investments Limited (Director & Shareholder), major shareholder or director of various unlisted or privately controlled companies.

John Bolland – Director of LPL Trustee Limited, Consultant to Segoura Limited, Waiora Investments Limited (Consultant) - shareholder of Plan B Limited, shareholder or director of various unlisted or privately controlled companies.

Patrick Davies – Chief Executive Officer of EBOS Group Limited, President of Australia's National Pharmaceutical Services Association and a member of the Board of Overseers for the international Partnership for Innovative Healthcare Delivery (an initiative of the World Economic Forum), Cape Healthcare Limited (Director)

Peter Merton – Cape Healthcare Limited (Director & Shareholder).

Kenneth Orr – Orrs Pharmacies Limited (Director & Shareholder), Orrs Kaipara Pharmacies Limited (Director & Shareholder), Dodds Maungaturoto Pharmacy Limited (Director & Shareholder), Orrs Rust Ave Pharmacy Limited (Director and Shareholder), Orrs Cameron Pharmacy Limited (Director and Shareholder), Orrs Ruakaka Pharmacy Limited (Director and Shareholder), Orrs Tui Pharmacy Limited (Director and Shareholder), Pharmacy Guild of New Zealand (Director), Manaia Health PHO Limited (Director).

Keith Rushbrook – KC Securities Limited (Director), Levante Holdings Limited (Director), Austin's Food Design Events Limited (Director), NZ Waterways Restoration Limited (Shareholder), Levante Karaka Limited (Director), OGL Nominees Limited (Director), Opportunities Group Limited (Director & Shareholder).

Ian Sharp – CHB Apothecary Limited (Unichem Pharmacy Waipukurau), (Director & Shareholder).

Margaret Millard - C.Alma Baker Trust (NZ) Limited (Director), Eastern and Central Community Trust (Trustee), Manawatu Rangitikei Rural Family Support Trust (Trustee), and EG & MM Millard Trust (Trustee).

Mary-Elizabeth Tuck – (alternate Director) is the manager, operations and business projects, components and technology division of Fisher & Paykel Appliances Limited.

Shareholder information

As at 30 April 2015

Shares and shareholding

The Company's ordinary shares are listed on the NZX using the ticker code, GXH. As at 30 April 2015 Green Cross Health Limited had on issue 133,888,168 equity securities (as defined by the Financial Markets Conduct Act 2013) being 133,388,166 fully paid ordinary shares, and 500,002 redeemable ordinary shares payable to $0.01 and held on trust by Life Pharmacy Trustee Company Limited on behalf of senior executive employees and the CEO, Green Cross Health - Pharmacy.

The 20 largest registered holders of quoted equity securities as at 30 April 2015 were as follows:

Name	Holding	%
LPL TRUSTEE LIMITED	41,959,289	31.34
CAPE HEALTHCARE LIMITED	41,933,244	31.32
MASSEY PHARMACY LIMITED	3,105,000	2.32
NEW ZEALAND PERMANENT TRUSTEES LIMITED - NZCSD <NZPT43>	2,504,529	1.87
MURRAY LAWRENCE DUNN & FORTUNE MANNING TRUSTEE COMPANY LIMITED <M L DUNN NO3 FAMILY A/C>	1,977,145	1.48
SUPERLIFE TRUSTEE NOMINEES LIMITED <SL NZ A/C>	1,875,979	1.40
GANET INVESTMENTS LIMITED	1,681,334	1.26
CUSTODIAL SERVICES LIMITED <A/C 3>	1,234,841	0.92
MARK STEVEN VUKSICH & FRANCES ANN VUKSICH & WALTER MICK GEORGE YOVICH <MARK & FRANCES FAMILY A/C>	1,153,303	0.86
THOMAS LAI & CAROLYN PAMELA LAI & KATHLEEN YEE <THOMAS & CAROLYN LAI FAMILY A/C>	994,985	0.74
NATIONAL NOMINEES NEW ZEALAND LIMITED NZCSD <NNLZ90>	990,420	0.74
GRANT CLAYTON BAI + CHRISTINA BAI+ BARRIE MCCORMICK CAMPBELL <GRATTON WILSON A/C>	799,680	0.60
MATTHEW JAMES PAUL FLEET	750,000	0.56
KIM CHRISTOPHER WILKINSON & MARIE ELEANOR WILKINSON	729,797	0.55
ELIZABETH ANN MCAULAY	687,022	0.51
BRIAN PHILIP INGHAM	599,677	0.45
PETER JOHN GUTHRIE	591,873	0.44
WATT LAND COMPANY LIMITED	570,116	0.43
BRETT ANDREW FORDYCE & FRANCIS DRAGICEVICH & CHRISTINE LOUISE HUTTON <BOTA FAMILY A/C>	555,263	0.41
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD <CNOM90>	518,030	0.39

Substantial security holders

The following persons are deemed to be substantial product holders in accordance with section 274(1) of the Financial Markets Authority Act 2013.

Name	Holding	%
Cape Healthcare Limited	41,933,244	31.32
LPL Trustee Limited	41,959,289	31.34

Shareholding spread

Green Cross Health Limited's shareholding spread as at 30 April 2015 is as follows:

Size of holding	Holders	%	Securities	%
1-999	233	17.2	115,479	0.09
1,000 - 9,999	701	51.7	2,168,761	1.62
10,000 - 99,999	338	24.9	10,935,953	8.17
100,000 - 499,999	65	4.8	14,598,748	10.90
500,000 - 999,999	9	0.7	6,278,413	4.69
1,000,000 and over	9	0.7	99,790,814	74.53
Total	**1,355**	**100.0**	**133,888,168**	**100.00**

Disclosure for Dividend Re-investment Plan

At the Company's 2012 Annual Meeting, shareholders approved the allotment of ordinary shares under the Company's dividend re-investment plan ("DRP") during the period from 3 August 2012 to 31 December 2017. A copy of the terms of the DRP can be obtained from the registered office of the Company at Ground Level, Building B, 602 Great South Road, Greenlane, Auckland.

The Takeovers Panel granted the Company an exemption from the Takeovers Code in respect of the notice of the meeting to approve the allotment of ordinary shares to Cape Healthcare Limited ("CHL") and LPL Trustee Limited ("LPL") (each, a "Specified Shareholder") under the DRP. The disclosures below are required by the Takeovers Code (Pharmacybrands Limited) Exemption Notice 2012.

As at 31 March 2015 ("Calculation Date"):

1. Under the DRP, 1,484,179 ordinary shares were allotted to CHL during the year, bringing its total shareholding in the Company to 41,933,244 or 31.32%. This percentage also represents the total shareholding of CHL and its associates.

2. Under the DRP, 1,484,251 ordinary shares were allotted to LPL during the year, bringing its total shareholding in the Company to 41,959,289 or 31.34%. This percentage also represents the total shareholding of LPL and its associates.

3. On completion of all allotments that could yet be made under the DRP ("Specified Transaction") during the period from 1 April 2015 to 31 December 2017 ("Specified Period"):

> **(a)** The maximum percentage of all ordinary shares on issue that could be held or controlled by CHL is 35.49%. This percentage also represents the maximum percentage of all ordinary shares on issue that could be held or controlled by CHL and its associates; and
>
> **(b)** The maximum percentage of all ordinary shares on issue that could be held or controlled by LPL is 35.51%. This percentage also represents the maximum percentage of all ordinary shares on issue that could be held or controlled by LPL and its associates.

4. The assumptions on which the particulars referred to in paragraph 3 above are based are as follows:

> **(a)** that the number of ordinary shares is the number of ordinary shares on issue on the Calculation Date and there have been no other share issuances or changes in capital structure such as share splits, consolidations or buybacks of shares;
>
> **(b)** that there is no change in the total number of ordinary shares on issue between the Calculation Date and the end of the Specified Period, other than as a result of the Specified Transaction;
>
> **(c)** that the Specified Shareholder elects full participation under the Specified Transaction in respect of each dividend during the Specified Period to which the Specified Transaction applies and is allotted the number of ordinary shares under the Specified Transaction corresponding to its full participation;
>
> **(d)** that the Specified Shareholder does not have any associates that hold or control ordinary shares in the Company (CHL and LPL have each advised the Board that it has no such associates at the Calculation Date);
>
> **(e)** that each Specified Shareholder (and any of the Specified Shareholder's associates) do not increase their voting control of the Company other than under the Specified Transaction;
>
> **(f)** that the issue prices of ordinary shares under the Specified Transaction determined in accordance with the price formula will be $2.36 in each year of the Specified Period;
>
> **(g)** that the net cash dividend payable by the Company in each year of the Specified Period will be $0.07 per share; and
>
> **(h)** that no shareholder of the Company elects to participate in the Specified Transaction, other than the Specified Shareholder.

Group entities

For the year ended 31 March 2015

The current Group structure comprises 103 companies.
The Group entities are as follows:

Legal Parent	Holding	Activity
Green Cross Health Limited		Franchisor & investment
Controlled entities		
280 Queen Street (2005) Limited	43.9%	Pharmacy
A H Mcaulay Limited	100.0%	Non-trading
Access Homehealth Limited	100.0%	Community Care
Albany Pharmacy Limited	49.0%	Pharmacy
Alexandra Pharmacy (2013) Limited	48.5%	Pharmacy
Amcal Chemists (N.Z.) Limited	100.0%	Non-trading
Amida Training Limited	100.0%	Non-trading
Apollo Pharmacy (2014) Limited	49.0%	Pharmacy
Bay of Plenty Pharmacies Limited	49.0%	Pharmacy
Bayfair Pharmacy (2010) Limited	49.0%	Pharmacy
Bayfair Pharmacy Limited	100.0%	Non-trading
Baymed Group (2013) Limited	100.0%	Medical centre
Birkenhead Pharmacy (2011) Limited	48.8%	Pharmacy
Botany Downs Pharmacy Limited	25.0%	Pharmacy
Care Chemist Limited	100.0%	Non-trading
Care Chemist Pakuranga (2008) Limited	49.0%	Pharmacy
Centre City Pharmacy (2004) Limited	43.9%	Pharmacy
Chemist Express Limited	49.0%	Pharmacy
Davies Corner Pharmacy Limited	25.0%	Pharmacy
Dispensaryfirst Limited	100.0%	Non-trading
Glenfield Mall Pharmacy Limited	48.5%	Pharmacy
Green Cross Health Direct Limited	100.0%	Non-trading
Guthries Pharmacy Limited	49.0%	Pharmacy
Harbour City Pharmacy (2011) Limited	48.5%	Pharmacy
Hastings Pharmacy (2013) Limited	49.0%	Pharmacy
Hawkes Bay Pharmacies Limited	49.0%	Pharmacy
Health Services Limited	100.0%	Investment
Helensville Pharmacy (2008) Limited	48.5%	Pharmacy
Highland Park Pharmacy (2009) Limited	48.5%	Pharmacy
Hurstmere Pharmacy (2008) Limited	48.5%	Pharmacy
Hutt Valley Pharmacies 2014 Limited	49.0%	Pharmacy
J-Mall Pharmacy Limited	49.0%	Pharmacy

Controlled entities	Holding	Activity
Knox Pharmacy 2010 Limited	48.5%	Pharmacy
Lake Taupo Pharmacy (2008) Limited	48.5%	Pharmacy
Levin Pharmacy (2005) Limited	100.0%	Pharmacy
Life Pharmacy Albany Limited	49.0%	Pharmacy
Life Pharmacy Centre Place (2009) Limited	49.0%	Pharmacy
Life Pharmacy Limited	100.0%	Non-trading
Life Pharmacy Sylvia Park Limited	49.0%	Pharmacy
Life Pharmacy Trustee Company Limited	100.0%	Non-trading
Life Pharmacy Wall Street Dunedin Limited	49.1%	Pharmacy
Manawatu Pharmacies Limited	49.0%	Pharmacy
Manukau Pharmacy (2011) Limited	49.1%	Pharmacy
Moorhouse Pharmacy 2003 Limited	25.0%	Pharmacy
Neil Webber Pharmacy Limited	100.0%	Non-trading
New Lynn Pharmacy (2015) Limited	48.8%	Pharmacy
Northlands Pharmacy (2003) Limited	49.0%	Pharmacy
Onehunga Medical 2012 Limited	100.0%	Medical centre
Palms Pharmacy (2013) Limited	48.5%	Pharmacy
Parklands Pharmacy (2015) Limited	49.0%	Pharmacy
Peak Primary Limited	100.0%	Medical centre
Pharmacy 277 Limited	49.1%	Pharmacy
Pharmacy Management Limited	100.0%	Investment
Pharmacy Store Holdings Limited	100.0%	Investment
Pharmacybrands Limited	100.0%	Non-trading
Pharmacybrands On-line Limited	100.0%	Non-trading
Porirua Pharmacy (2006) Limited	100.0%	Non-trading
Queen Street Pharmacy (2015) Limited	49.0%	Pharmacy
Radius Medical Limited	82.5%	Investment
Radius Medical Solutions Limited	100.0%	Services to medical centre
Radius Pharmacy Greenmeadows Limited	49.0%	Pharmacy
Radius Pharmacy Limited	100.0%	Franchisor and investment
Radius Pharmacy Lower Hutt Limited	48.5%	Pharmacy
Radius Pharmacy Napier Limited	48.8%	Pharmacy
Radius Pharmacy Riccarton Limited	49.0%	Pharmacy
Radius Pharmacy Te Rapa Limited	48.8%	Pharmacy
Radius Pharmacy Upper Hutt Limited	49.0%	Pharmacy
Radius Pharmacy Waikanae Limited	48.5%	Pharmacy

Controlled entities	Holding	Activity
Radius Pharmacy Wanganui Limited	49.0%	Pharmacy
Radius Ti Rakau Limited	100.0%	Medical centre
Riccarton Mall Pharmacy 2000 Limited	49.0%	Pharmacy
RPG Medicine Management Limited	25.0%	Pharmacy
Russell Street Pharmacy Hastings (2015) Limited	100.0%	Pharmacy
Shirley Pharmacy Limited	100.0%	Pharmacy
Shore City Pharmacy (2010) Limited	48.5%	Pharmacy
Shore City Pharmacy Limited	100.0%	Non-trading
Sinel-Francis Pharmacy Tauranga Limited	49.0%	Pharmacy
Smart Pharmacy Limited	100.0%	Non-trading
St Lukes Pharmacy Holdings Limited	49.0%	Pharmacy
Stokes Valley Pharmacy (2009) Limited	48.5%	Pharmacy
Tauranga Pharmacy (2012) Limited	48.6%	Pharmacy
Timaru Pharmacy (2013) Limited	48.9%	Pharmacy
Tower Junction Pharmacy Limited	48.5%	Pharmacy
Unichem Chemists (N.Z.) Limited	100.0%	Non-trading
Upper Hutt Health Centre Pharmacy Limited	25.0%	Pharmacy
Upper Riccarton Pharmacy Limited	25.0%	Pharmacy
Waiuku Medical Pharmacy (2010) Limited	48.5%	Pharmacy
Waiuku Pharmacy (2005) Limited	46.6%	Pharmacy
West City Pharmacy (2010) Limited	48.5%	Pharmacy
Willis Street Pharmacy Limited	25.0%	Pharmacy
Joint Venture entities		
Motueka Medical (2013) Limited	50.0%	Medical centre
Pharmacies Instore Limited	50.0%	Retail
Total Care Health Services Limited	50.0%	Health services
Associate entities		
Radius Medical Whakatane Properties Limited	50.0%	Medical centre
Silverstream Health Centre Limited	49.0%	Medical centre
Team Medical at Kapiti Limited	48.8%	Medical centre
The Doctors (Hastings) Limited	42.8%	Medical centre
The Doctors (Mangere) Limited	25.1%	Medical centre
The Doctors (Napier) Limited	25.1%	Medical centre
The Doctors (New Lynn) Limited	36.7%	Medical centre
Total Health Doctors Limited	42.3%	Medical centre
Walls & Roche Royal Oak Pharmacy Limited	25.1%	Pharmacy

Company directory

As at 31 March 2015

Registered office

Green Cross Health Limited
Ground Floor, Building B
602 Great South Road
Ellerslie, Auckland 1542
Telephone: +64 9 571 9080

Board

P M Merton
Chairman

P D Davies
Non-Executive Director

J A Bagnall
Non-Executive Director

J B Bolland
Non-Executive Director

M M Millard
Independent Director

K A Orr
Independent Director

K R Rushbrook
Independent Director

I G S Sharp
Independent Director

Board Secretary

J H Greenwood BCom, FCA
Green Cross Health Limited
Private Bag 11 906
Ellerslie, Auckland

Websites

www.greencrosshealth.co.nz
www.livingrewards.co.nz

Auditor

KPMG
KPMG Centre
18 Viaduct Harbour Avenue
Auckland

Bankers

Bank of New Zealand
80 Queen Street
Auckland 1010

ANZ Bank New Zealand Limited
Ground Floor, ANZ Centre
23 – 29 Albert Street
Auckland 1010

Share registrar

Computershare Investor
Services Limited
Private Bag 92119
Auckland 1142
159 Hurstmere Road
Takapuna, Auckland 0622

Managing your shareholding online:

To change your address, update your payment instructions and to view your registered details including transactions, please visit www.investorcentre.com/nz

General enquiries can be directed to:

enquiry@computershare.co.nz
Private Bag 92119
Auckland 1142
Telephone: + 64 9 488 8777
Facsimile: + 64 9 488 8787

Please assist our registrar by quoting your CSN or shareholder number

00825

Green Cross Health Ltd
Ground Floor, Building B
602 Great South Road
Ellerslie, Auckland 1542

Private Bag 11906
Ellerslie, Auckland 1542

www.greencrosshealth.co.nz

Providing the best health care and advice to New Zealand communities