

# Consolidated interim statement of comprehensive income

For the six months ended 30 September 2016

	Six months ended 30 Sep 2016 (Unaudited) \$'000	Six months ended 30/09/2015 (Unaudited) \$'000
<b>Operating revenue</b>	<b>237,676</b>	<b>213,006</b>
<b>Operating expenditure</b>	<b>(217,051)</b>	<b>(196,354)</b>
Depreciation and amortisation	(3,310)	(2,524)
Share of profit of equity accounted investees	331	496
<b>Operating profit before interest and tax</b>	<b>17,646</b>	<b>14,624</b>
Net interest	(958)	(621)
<b>Profit before tax</b>	<b>16,688</b>	<b>14,003</b>
Tax expense	(3,874)	(3,662)
<b>Profit and total comprehensive income for the period</b>	<b>12,814</b>	<b>10,341</b>
<b>Profit after tax and total comprehensive income for the period attributable to:</b>		
<b>Shareholders of the Parent</b>	<b>10,490</b>	<b>8,296</b>
Non-controlling interest	2,324	2,045
<b>Earnings per share:</b>		
Basic earnings per share (cents)	7.63	6.15
Diluted earnings per share (cents)	7.60	6.13

The consolidated interim financial statements should be read in conjunction with the accompanying notes

# Consolidated interim statement of changes in equity

For the six months ended 30 September 2016

	Note	Share Capital \$'000	Retained Earnings \$'000	Non-Controlling Interest \$'000	Total Equity \$'000
<b>September 2016</b>					
As at 1 April 2016		76,577	13,835	3,728	94,140
<b>Profit and total comprehensive income for the period</b>			<b>10,490</b>	<b>2,324</b>	<b>12,814</b>
<b>Transactions with owners, recorded directly in equity</b>					
Issue of shares	6	3,865			3,865
Dividends to shareholders	7		(4,788)		(4,788)
Distributions to non-controlling interests				(1,435)	(1,435)
Impact of other transactions with non-controlling interests			(253)	(224)	(477)
Share scheme amortisation		42			42
<b>As at 30 September 2016</b>		<b>80,484</b>	<b>19,284</b>	<b>4,393</b>	<b>104,161</b>

<b>September 2015</b>					
As at 1 April 2015		69,767	26,514	3,140	99,421
<b>Profit and total comprehensive income for the period</b>			<b>8,296</b>	<b>2,045</b>	<b>10,341</b>
<b>Transactions with owners, recorded directly in equity</b>					
Issue of shares	6	3,301			3,301
Dividends to shareholders			(24,988)		(24,988)
Distributions to non-controlling interests				(1,606)	(1,606)
Impact of other transactions with non-controlling interests			(1,200)	(20)	(1,220)
Share scheme amortisation		42			42
<b>As at 30 September 2015</b>		<b>73,110</b>	<b>8,622</b>	<b>3,559</b>	<b>85,291</b>

The consolidated interim financial statements should be read in conjunction with the accompanying notes

# Consolidated interim statement of financial position

As at 30 September 2016

	Note	As at 30 Sep 2016 (Unaudited) \$'000	As at 31 Mar 2016 (Audited) \$'000
<b>Equity</b>			
Share capital	6	80,484	76,577
Retained earnings		19,284	13,835
Total equity attributable to shareholders of the Parent		99,768	90,412
Non-controlling interest		4,393	3,728
<b>Total equity</b>		<b>104,161</b>	<b>94,140</b>
<b>Current assets</b>			
Cash and cash equivalents		14,505	19,918
Trade and other receivables		39,402	34,264
Inventories		37,366	31,353
<b>Total current assets</b>		<b>91,273</b>	<b>85,535</b>
<b>Non-current assets</b>			
Property, plant and equipment		20,347	19,553
Intangible assets		114,489	113,243
Deferred tax asset		6,259	6,253
Equity accounted group investments		4,771	5,067
<b>Total non-current assets</b>		<b>145,866</b>	<b>144,116</b>
<b>Total assets</b>		<b>237,139</b>	<b>229,651</b>
<b>Current liabilities</b>			
Payables and accruals		65,713	60,221
Income taxes payable		289	1,444
Borrowings		25,294	13,016
<b>Total current liabilities</b>		<b>91,296</b>	<b>74,681</b>
<b>Non-current liabilities</b>			
Payables and accruals		1,272	1,366
Borrowings		40,410	59,464
<b>Total non-current liabilities</b>		<b>41,682</b>	<b>60,830</b>
<b>Total liabilities</b>		<b>132,978</b>	<b>135,511</b>
<b>Net assets</b>		<b>104,161</b>	<b>94,140</b>

The consolidated interim financial statements should be read in conjunction with the accompanying notes

# Consolidated interim statement of cash flows

For the six months ended 30 September 2016

	Six months ended 30 Sep 2016 (Unaudited) \$'000	Six months ended 30/09/2015 (Unaudited) \$'000
<b>Cash flows from operating activities</b>		
Equity accounted investee dividend received	327	517
Receipts from customers	232,537	204,937
Payments to suppliers and employees	(220,044)	(198,141)
Net interest paid	(958)	(621)
Income taxes paid	(5,034)	(4,353)
<b>Net cash inflow from operating activities</b>	<b>6,827</b>	<b>2,339</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant, equipment and software intangibles	(5,430)	(4,421)
Acquisition of interests in subsidiaries and associates	(2,555)	(7,206)
Proceeds from sale of shares in subsidiary	-	520
Proceeds from sale of interests in equity accounted investments	-	266
<b>Net cash outflow from investing activities</b>	<b>(7,985)</b>	<b>(10,841)</b>
<b>Cash flows from financing activities</b>		
Proceeds from new borrowings	3,763	30,927
Repayment of borrowings	(5,245)	(8,623)
Shares issued for cash	149	74
Dividends paid - shareholders	(1,451)	(21,761)
Net distributions to non-controlling interests	(1,472)	(1,606)
<b>Net cash outflow from financing activities</b>	<b>(4,256)</b>	<b>(989)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,413)</b>	<b>(9,491)</b>
<b>Cash acquired: business combinations</b>	<b>-</b>	<b>1,115</b>
<b>Add opening cash and cash equivalents</b>	<b>19,918</b>	<b>23,554</b>
<b>Closing cash and cash equivalents as per consolidated interim statement of financial position</b>	<b>14,505</b>	<b>15,178</b>
<i>Reconciliation of closing cash and cash equivalents to the balance sheet:</i>		
Cash and cash equivalents	14,505	15,178
<b>Closing cash and cash equivalents</b>	<b>14,505</b>	<b>15,178</b>

The consolidated interim financial statements should be read in conjunction with the accompanying notes

# Notes to the financial statements

For the six months ended 30 September 2016

## 1. Reporting Entity

Green Cross Health Limited (the "Parent") 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 interim 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 of financial statements

### (a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), NZ IAS 34 Interim Financial Reporting, and other applicable Financial Reporting Standards as appropriate for profit oriented entities. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2016.

The consolidated interim financial statements for the six months ended 30 September 2016 and the comparative information for the six months ended 30 September 2015 are unaudited.

### (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) Changes in accounting policies

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2016. The Group has not applied any standards, amendments to standards and interpretations that are not yet effective.

### (d) Comparatives

Where appropriate comparative information has been reclassified to conform to the current period's presentation.

## 3. Accounting estimates and judgments

In authorising the consolidated interim financial statements for the six months ended 30 September 2016, 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 period for all Group entities for the purposes of preparing the consolidated interim financial statements.

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

## 4. Segment reporting

The Group has three reportable segments: pharmacy service, medical services and community health.

The Group's main operations are in the pharmacy industry providing pharmacy 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 health services segment provide services direct to the community to support independent living.

# Notes to the financial statements

For the six months ended 30 September 2016

## Segments reporting (continued)

	Pharmacy services	Medical services	Community Health	Other <sup>1</sup>	Total
September 2016	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total revenue</b>	157,840	24,758	55,077	-	237,676
Cost of products sold	(90,743)	-	-	-	(90,743)
Employee benefit expense	(28,796)	(18,605)	(50,712)	-	(98,113)
Lease expense	(7,876)	(1,446)	(579)	-	(9,901)
Other expenses	(15,514)	(3,287)	(2,256)	-	(21,058)
Gain on settlement of vendor put option	-	-	-	2,764	2,764
Depreciation and amortisation	(2,646)	(300)	(363)	-	(3,310)
Share of profit of equity accounted investees	50	281	-	-	331
<b>Operating profit before interest and tax</b>	<b>12,315</b>	<b>1,401</b>	<b>1,166</b>	<b>2,764</b>	<b>17,646</b>
Net interest income / (expense)					(958)
Profit before tax					16,688
Tax expense					(3,874)
<b>Profit after tax</b>					<b>12,814</b>
Segment assets	179,692	36,224	43,458	(22,236)	237,139
Segment liabilities	105,343	22,582	27,289	(22,236)	132,978

	Pharmacy services	Medical services	Community Health	Other <sup>1</sup>	Total
September 2015	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total revenue</b>	138,823	22,629	51,554	-	213,006
Cost of products sold	(78,396)	-	-	-	(78,396)
Employee benefit expense	(25,192)	(16,808)	(48,066)	-	(90,066)
Lease expense	(6,529)	(1,340)	(644)	-	(8,513)
Other expenses	(14,310)	(3,185)	(2,343)	-	(19,838)
Gain on sale of associate and joint venture	-	-	-	459	459
Depreciation and amortisation	(1,924)	(342)	(258)	-	(2,524)
Share of profit of equity accounted investees	91	401	4	-	496
<b>Operating profit before interest and tax</b>	<b>12,564</b>	<b>1,354</b>	<b>247</b>	<b>459</b>	<b>14,624</b>
Net interest income / (expense)					(621)
Profit before tax					14,003
Tax expense					(3,662)
<b>Profit after tax</b>					<b>10,341</b>
Segment assets	150,179	32,523	39,122	(20,808)	201,016
Segment liabilities	92,762	20,638	23,133	(20,808)	115,725

1. Other includes intersegment eliminations and one off items

# Notes to the financial statements

For the six months ended 30 September 2016

## 5. Operating expenses

	Six months ended 30 Sep 2016 (Unaudited) \$'000	Six months ended 30/09/2015 (Unaudited) \$'000
Cost of products sold	90,743	78,396
Employee benefit expense	98,113	90,066
Lease expense	9,901	8,513
Gain on settlement of vendor put option	(2,764)	-
Gain on sale of associate and joint venture	-	(459)
Other expenses	21,058	19,838
	<b>217,051</b>	<b>196,354</b>

In May 2016 the Group acquired the 17.5% share holding in Green Cross Health Medical Limited held by Peak Health Care Limited under the vendor put option.

## 6. Shares on issue

### Shares authorised and on issue

	As at 30 Sep 2016 (Unaudited) '000	As at 31 Mar 2016 (audited) '000
Opening number of shares	137,284	134,388
Shares issued - fully paid	1,384	2,596
Shares cancelled - partly paid	(150)	-
Shares issued - partly paid	-	300
	138,518	137,284
Shares held as treasury stock	(467)	(617)
<b>Closing number of shares</b>	<b>138,051</b>	<b>136,667</b>

## 7. Distribution to owners

On 24 June 2016 Green Cross Health Limited paid a final dividend for the March 2016 year of 3.5 cents per qualifying ordinary share to shareholders, which was fully imputed to 28%.

# Notes to the financial statements

For the six months ended 30 September 2016

	Six months ended 30 Sep 2016 (Unaudited) \$'000	Six months ended 30/09/2015 (Unaudited) \$'000
<b>8. Operating cash flows reconciliation</b>		
Profit for the period	12,814	10,341
<i>Add/(deduct) non-cash items:</i>		
Equity accounted profits (net of dividends received)	(4)	21
Depreciation and asset write-off	3,390	2,524
Amortisation of lease incentive	(94)	(104)
Deferred tax	(6)	3
Share scheme amortisation	42	42
Gain on settlement of vendor put option	(2,764)	-
Gain on sale of associate and joint venture	-	(459)
<i>Add/(deduct) changes in working capital items:</i>		
Receivables and accruals	(5,139)	(7,603)
Inventory	(6,013)	(2,374)
Payables and accruals	4,602	(52)
<b>Net cash inflow from operating activities</b>	<b>6,827</b>	<b>2,339</b>

## 9. Subsequent events

On 28 November 2016 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 consolidated interim financial statements in respect to this event.

# Company Directory

## Registered Office

Green Cross Health Limited  
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602 Great South Road  
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## Board

P M Merton  
Chairman

J A Bagnall  
Non-Executive Director

J B Bolland  
Non-Executive Director

P D Davies  
Non-Executive Director

A W Edwards  
Independent Director

M M Millard  
Independent Director

K A Orr  
Independent Director

K R Rushbrook  
Independent Director

## Board Secretary

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

## Auditor

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KPMG Centre  
18 Viaduct Harbour Avenue  
Auckland

## Websites

[www.greencrosshealth.co.nz](http://www.greencrosshealth.co.nz)

## Bankers

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Bank of New Zealand  
80 Queen Street  
Auckland 1010

## Share Registrar

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Auckland 0622

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[www.investorcentre.com/nz](http://www.investorcentre.com/nz)

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Please assist our registrar by quoting your CSN  
or shareholder number