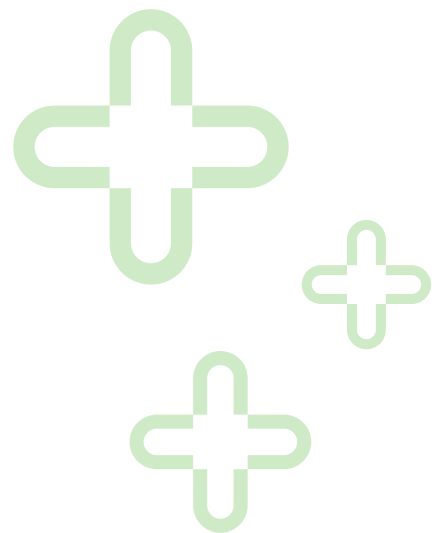


Half Year Report 2016





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Business summary

For the six months ended 30 September 2016

26.4%

Increase in net
profit after tax

The Group recorded a net profit after tax attributable to our shareholders of \$10.5 million, up 26.4% on the same period last year. This result includes a net \$2.3 million increase in one-off gains versus the same period last year.

Business highlights

- Community Health division operating profit before interest and tax was \$1.2 million up \$0.9 million on last year
- Pharmacy division revenues were \$157.8 million up \$19 million (13.7%) on last year
- Medical division revenues were up by \$2.1 million (9.4%) on last year reflecting a 5.4% increase in patient numbers from both organic and acquisition growth
- Pharmacy membership in the Group has increased to an all-time high of 347 pharmacies.

Pharmacy division

Pharmacy operating profit before interest and tax was \$12.3 million, which is a 2% decrease on last year. Higher revenue of \$19 million has been offset by increased investment in new greenfield stores and the development of health care service models. Two high performing store closures and New Zealand's lowest cold and flu season for 26 years has also hindered growth.

Medical division

Revenue for the division was \$24.8 million, up \$2.1 million on last year. This resulted in a net operating profit before interest and tax of \$1.4 million, up 3.5% on last year. Whilst patient number growth, now at 206,886 is pleasing, the mild winter resulted in a similar result to last year. Rebranding continues to "The Doctors" brand with 15 medical centres rebranded during the period.

\$19m

Increase in
Pharmacy division
revenue

\$2.1m

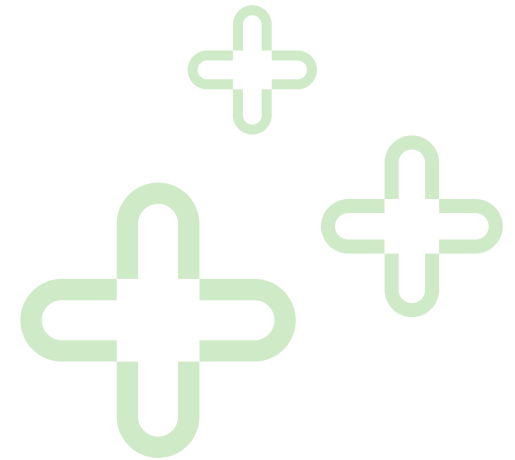
Increase in Medical
division revenue

Community Health division

Community Health has delivered a strong result in the first half of the year, with operating profit before interest and tax of \$1.2 million up from \$0.3 million last year. Revenue for the period was up 6.8% on prior year, led by significant growth in the Auckland region. The profit increase was a result of increased revenue combined with a more efficient and improved delivery of services.

The Wellington region sole provision contract commenced at the end of August, and all contract KPIs are being met. This new contract has brought more than 2,000 new clients to the Community Health business, and our total clients nationally now exceed 20,000.

Work continues with the Ministry of Health and the Unions to achieve positive pay equity and regularisation outcomes for our front line staff.



Dividend

The Directors have resolved to pay a fully imputed interim dividend of 3.5 cents per share to shareholders on the register as at 5pm on 13 December 2016. The dividend will be paid on 23 December 2016. The dividend reinvestment plan continues to operate.

For and on behalf of the Board

Peter Merton
Chairman

Consolidated

Interim statement of comprehensive income

For the six months ended 30 September 2016

	Note	Six months ended 30 Sep 2016 (Unaudited) \$'000	Six months ended 30 Sep 2015 (Unaudited) \$'000
Operating revenue		237,676	213,006
Operating expenditure	5	(217,051)	(196,354)
Depreciation and amortisation		(3,310)	(2,524)
Share of profit of equity accounted investees		331	496

	Six months ended 30 Sep 2016 (Unaudited) \$'000	Six months ended 30 Sep 2015 (Unaudited) \$'000
Operating profit before interest and tax	17,646	14,624
Net interest	(958)	(621)
Profit before tax	16,688	14,003
Tax expense	(3,874)	(3,662)
Profit and total comprehensive income for the period	12,814	10,341
Profit after tax and total comprehensive income for the period attributable to:		
Shareholders of the Parent	10,490	8,296
Non-controlling interest	2,324	2,045
Earnings per share:		
Basic earnings per share (cents)	7.63	6.15
Diluted earnings per share (cents)	7.60	6.13
Net tangible liabilities per share (cents)	(12.02)	(15.46)
Net assets per share (cents)	75.45	63.03

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

September 2016	Note	Share capital \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
As at 1 April 2016		76,577	13,835	3,728	94,140
Profit and total comprehensive income for the period			10,490	2,324	12,814
Transactions with owners, recorded directly in equity					
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
As at 30 September 2016		80,484	19,284	4,393	104,161



September 2015	Note	Share capital \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
As at 1 April 2015		69,767	26,514	3,140	99,421
Profit and total comprehensive income for the period			8,296	2,045	10,341
Transactions with owners, recorded directly in equity					
Issue of shares	6	3,301			3,301
Dividends to shareholders	7		(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
As at 30 September 2015		73,110	8,622	3,559	85,291

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

	As at 30 Sep 2016 (Unaudited) \$'000	As at 31 Mar 2016 (Audited) \$'000
Current assets		
Cash and cash equivalents	14,505	19,918
Trade and other receivables	39,402	34,264
Inventories	37,366	31,353
Total current assets	91,273	85,535
Non-current assets		
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
Total non-current assets	145,866	144,116
Total assets	237,139	229,651

	Note	As at 30 Sep 2016 (Unaudited) \$'000	As at 31 Mar 2016 (Audited) \$'000
Current liabilities			
Payables and accruals		65,713	60,221
Income taxes payable		289	1,444
Borrowings		25,294	13,016
Total current liabilities		91,296	74,681
Non-current liabilities			
Payables and accruals		1,272	1,366
Borrowings		40,410	59,464
Total non-current liabilities		41,682	60,830
Total liabilities		132,978	135,511
Net assets		104,161	94,140
Equity			
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
Total equity		104,161	94,140

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

	Note	Six months ended 30 Sep 2016 (Unaudited) \$'000	Six months ended 30 Sep 2015 (Unaudited) \$'000
Cash flows from operating activities			
Dividend received		327	517
Receipts from customers		232,537	204,937
Payments to suppliers and employees		(220,045)	(198,141)
Net interest paid		(958)	(621)
Income taxes paid		(5,034)	(4,353)
Net cash inflow from operating activities	8	6,827	2,339

	Note	Six months ended 30 Sep 2016 (Unaudited) \$'000	Six months ended 30 Sep 2015 (Unaudited) \$'000
Cash flows from investing activities			
Purchases of property, plant, equipment and software intangibles		(5,430)	(4,420)
Acquisition of interests in subsidiaries and associates		(2,555)	(7,207)
Proceeds from sale of shares in subsidiary		-	520
Proceeds from sale of interests in equity accounted investments		-	266
Net cash outflow from investing activities		(7,985)	(10,841)
Cash flows from financing activities			
Proceeds from new borrowings		3,763	30,927
Repayment of borrowings		(5,244)	(8,623)
Shares issued for cash	6	149	74
Dividends paid		(1,451)	(21,761)
Distributions to non-controlling interests		(1,472)	(1,606)
Net cash outflow from financing activities		(4,255)	(989)
Net decrease in cash and cash equivalents		(5,413)	(9,491)
Cash acquired: business combinations		-	1,115
Add opening cash and cash equivalents		19,918	23,554
Closing cash and cash equivalents		14,505	15,178

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.

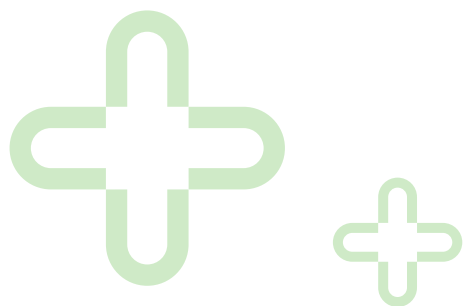
The consolidated interim financial statements of Green Cross Health Limited comprise the Parent, its subsidiaries, and its interest in associates and joint ventures (together referred to as the “Group”).

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.



2. Basis of preparation of financial statements (continued)

(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

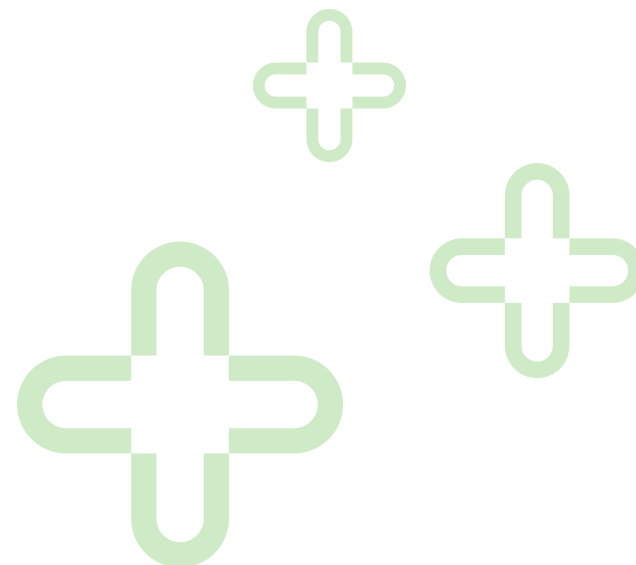
In authorising the consolidated interim financial statements for the six months ended 30 September 2016, the Directors have ensured that the specific accounting policies necessary for the proper understanding of the financial statements have been disclosed, and that all accounting policies adopted are 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 services, 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 segment provide services direct to the community to support independent living.



4. Segment reporting (continued)

September 2016	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	Other ¹ \$'000	Total \$'000
Total revenue	157,840	24,758	55,078	-	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)	(2,257)	-	(21,058)
Gain on settlement of vendor put option	-	-	-	2,764	2,764
Depreciation and amortisation	(2,646)	(300)	(364)	-	(3,310)
Share of profit of equity accounted investees	50	281	-	-	331
Operating profit before interest and tax	12,315	1,401	1,166	2,764	17,646
Net interest expense					(958)
Profit before tax					16,688
Tax expense					(3,874)
Profit after tax					12,814
Segment assets	197,602	31,222	30,551	(22,236)	237,139
Segment liabilities	105,343	22,582	27,289	(22,236)	132,978

4. Segment reporting

September 2015	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	Other ¹ \$'000	Total \$'000
Total revenue	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
Operating profit before interest and tax	12,563	1,355	247	459	14,624
Net interest expense					(621)
Profit before tax					14,003
Tax expense					(3,662)
Profit after tax					10,341
Segment assets	167,817	27,520	26,487	(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



5. Operating expenses

	As at 30 Sep 2016 (Unaudited) \$'000	As at 30 Sep 2015 (Unaudited) \$'000
Operating expenses		
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
	217,051	196,354

6. Shares on issue

	As at 30 Sep 2016 (Unaudited) '000	As at 31 Mar 2016 (Audited) '000
Shares authorised and on issue		
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)
Closing number of shares	138,051	136,667

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%.

8. Operating cash flows reconciliation

	Six months ended 30 Sep 2016 (Unaudited) \$'000	Six months ended 30 Sep 2015 (Unaudited) \$'000
Profit after tax for the period	12,814	10,341
Add/(deduct) non-cash items:		
Depreciation & asset write-off	3,390	2,524
Gain on settlement of vendor put option	(2,764)	-
Gain on sale of associate and joint venture	-	(459)
Other non-cash items	(63)	(38)
Add/(deduct) changes in working capital items:		
Receivables and accruals	(5,139)	(7,603)
Inventory	(6,013)	(2,374)
Payables and accruals	4,602	(52)
Net cash inflow from operating activities	6,827	2,339

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

As at 30 September 2016



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
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

KPMG
KPMG Centre
18 Viaduct Harbour Avenue
Auckland

Websites

www.greencrosshealth.co.nz

Bankers

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

Bank of New Zealand
80 Queen 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

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

01981

**Because of
what we do,
everyone is
healthier**