

**Green Cross Health Limited**  
**Consolidated interim financial statements**  
**Half year ended 30 September 2020**

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**Green Cross Health Limited**  
**Consolidated interim statement of comprehensive income**  
For the six months ended 30 September 2020

	Note	Six months ended 30 Sep 2020 (Unaudited) \$'000	Six months ended 30 Sep 2019 (Unaudited) \$'000
<b>Operating revenue</b>	4.1	<u>277,160</u>	<u>275,402</u>
<b>Operating expenditure</b>	4.2	<u>(248,042)</u>	<u>(248,394)</u>
Depreciation and amortisation		(4,105)	(4,208)
Depreciation - leases		(7,915)	(7,352)
Share of equity accounted net earnings		<u>836</u>	<u>593</u>
<b>Operating profit before interest and tax</b>		<b>17,934</b>	<b>16,041</b>
Interest income		19	82
Interest expenses		(698)	(993)
Interest expense - leases		<u>(2,245)</u>	<u>(2,929)</u>
<b>Net interest expense</b>		<u>(2,924)</u>	<u>(3,840)</u>
<b>Profit before tax</b>		<b>15,010</b>	<b>12,201</b>
Income tax expense		<u>(3,995)</u>	<u>(3,322)</u>
<b>Profit after tax for the period</b>		<u><b>11,015</b></u>	<u><b>8,879</b></u>
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period</b>		<u><b>11,015</b></u>	<u><b>8,879</b></u>
<b>Attributable to:</b>			
Shareholders of the Parent		8,846	7,000
Non-controlling interest		<u>2,169</u>	<u>1,879</u>
<b>Attribution of profit and comprehensive income to shareholders and non controlling interest</b>		<u><b>11,015</b></u>	<u><b>8,879</b></u>
<b>Earnings per share:</b>			
Basic earnings per share (cents)		6.18	4.89
Diluted earnings per share (cents)		6.17	4.88

The accompanying Notes to the Financial Statements on pages 6 to 12 form part of the consolidated interim financial statements.

**Green Cross Health Limited**  
**Consolidated interim statement of changes in equity**  
For the six months ended 30 September 2020

	Note	Share capital \$'000	Retained earnings \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 April 2020 (Audited)		90,610	33,802	10,307	134,719
Profit for the period			8,846	2,169	11,015
<b>Total comprehensive income for the period</b>			<b>8,846</b>	<b>2,169</b>	<b>11,015</b>
Transactions with owners, recorded directly to equity:					
Dividends to shareholders	7		-	-	-
Distributions to non-controlling interests			-	(312)	(312)
Impacts of other transactions with non-controlling interests			185	(200)	(15)
<b>Balance at 30 September 2020 (Unaudited)</b>		<b>90,610</b>	<b>42,833</b>	<b>11,964</b>	<b>145,407</b>
Balance at 1 April 2019 (Audited)		90,610	33,843	9,490	133,943
Impact on application of IFRS16 - net of tax			(2,001)	(579)	(2,580)
Balance as at 1 April 2019 (restated)		90,610	31,842	8,911	131,363
Profit for the period			7,000	1,879	8,879
<b>Total comprehensive income for the period</b>			<b>7,000</b>	<b>1,879</b>	<b>8,879</b>
Transactions with owners, recorded directly to equity:					
Dividends to shareholders	7		(5,010)	-	(5,010)
Distributions to non-controlling interests			-	(1,325)	(1,325)
Impacts of other transactions with non-controlling interests			(1,279)	(65)	(1,344)
<b>Balance at 30 September 2019 (Unaudited)</b>		<b>90,610</b>	<b>32,553</b>	<b>9,400</b>	<b>132,563</b>

The accompanying Notes to the Financial Statements on pages 6 to 12 form part of the consolidated interim financial statements.

**Green Cross Health Limited**  
**Consolidated interim statement of financial position**  
**As at 30 September 2020**

	Note	As at 30 Sep 2020 (Unaudited) \$'000	As at 30 Sep 2019 (Unaudited) \$'000	As at 31 Mar 2020 (Audited) \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		44,922	17,804	33,899
Trade and other receivables		22,477	22,879	28,834
Contract assets		11,661	11,791	14,273
Inventories		33,635	33,446	34,720
Income taxes refundable		-	386	-
<b>Total current assets</b>		<b>112,695</b>	<b>86,306</b>	<b>111,726</b>
<b>Non-current assets</b>				
Property, plant and equipment		21,729	21,077	22,227
Right-of-use assets		82,457	87,719	86,090
Intangible assets		133,288	138,728	133,524
Deferred tax assets		16,157	14,236	16,055
Equity accounted group investments		7,770	6,693	6,988
<b>Total non-current assets</b>		<b>261,401</b>	<b>268,453</b>	<b>264,884</b>
<b>Total assets</b>		<b>374,096</b>	<b>354,759</b>	<b>376,610</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables and accruals		88,195	71,956	84,633
Contract liabilities		6,322	5,762	6,019
Income taxes payable		2,686	-	1,186
Borrowings		1,914	5,307	3,359
Lease liability - current		13,671	12,810	13,705
<b>Total current liabilities</b>		<b>112,788</b>	<b>95,835</b>	<b>108,902</b>
<b>Non-current liabilities</b>				
Borrowings		39,257	44,734	53,114
Lease liability - non current		76,644	81,627	79,875
<b>Total non-current liabilities</b>		<b>115,901</b>	<b>126,361</b>	<b>132,989</b>
<b>Total liabilities</b>		<b>228,689</b>	<b>222,196</b>	<b>241,891</b>
<b>Net assets</b>		<b>145,407</b>	<b>132,563</b>	<b>134,719</b>
<b>EQUITY</b>				
Share capital	6	90,610	90,610	90,610
Retained earnings		42,833	32,553	33,802
Total equity attributable to shareholders of the Parent		133,443	123,163	124,412
Non-controlling interest		11,964	9,400	10,307
<b>Total equity</b>		<b>145,407</b>	<b>132,563</b>	<b>134,719</b>

The accompanying Notes to the Financial Statements on pages 6 to 12 form part of the consolidated interim financial statements.

**Green Cross Health Limited**  
**Consolidated interim statement of cash flows**  
For the six months ended 30 September 2020

	Note	Six months ended 30 Sep 2020 (Unaudited) \$'000	Six months ended 30 Sep 2019 (Unaudited) \$'000
<b>Cash flows from operating activities</b>			
Dividends received		255	298
Receipts from customers		268,191	276,807
Interest received		19	82
Payments to suppliers and employees		(223,167)	(248,953)
Income taxes paid		(6,151)	(6,145)
<b>Net cash inflow from operating activities</b>	5	<b><u>39,147</u></b>	<b><u>22,089</u></b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and software intangibles		(1,450)	(4,115)
Acquisition of interests in equity accounted investments		(129)	-
Acquisition of interests in subsidiaries and non-controlling interests		(349)	(1,384)
<b>Net cash outflow from investing activities</b>		<b><u>(1,928)</u></b>	<b><u>(5,499)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,158	19,575
Repayment of borrowings		(16,550)	(18,653)
Payment of lease liabilities		(7,549)	(6,103)
Interest expense		(698)	(993)
Interest expense - leases		(2,245)	(2,929)
Distribution to non-controlling interests		(312)	(1,325)
Dividend paid		-	(5,010)
<b>Net cash outflow from financing activities</b>		<b><u>(26,196)</u></b>	<b><u>(15,438)</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>11,023</b>	<b>1,152</b>
<b>Add opening cash and cash equivalents</b>		<b><u>33,899</u></b>	<b><u>16,652</u></b>
<b>Closing cash and cash equivalents</b>		<b><u>44,922</u></b>	<b><u>17,804</u></b>
<b>Reconciliation of closing cash and cash equivalents to the consolidated interim statement of financial position:</b>			
Cash and cash equivalents		<b><u>44,922</u></b>	<b><u>17,804</u></b>
<b>Closing cash and cash equivalents</b>		<b><u>44,922</u></b>	<b><u>17,804</u></b>

The accompanying Notes to the Financial Statements on pages 6 to 12 form part of the consolidated interim financial statements.

## **1 Reporting Entity**

Green Cross Health Limited (the "Parent" or the "Company") is a New Zealand company registered under the Companies Act 1993 and is an FMC entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. The Financial Statements have been prepared in accordance with these Acts. The Company is listed on the NZX Main Board ("NZX").

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 2020.

The consolidated interim financial statements for the six months ended 30 September 2020 and the comparative information for the six months ended 30 September 2019 are unaudited.

These financial statements have been approved for issue by the Board of Directors on 25 November 2020.

### **(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 policy**

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 2020 except as outlined below.

The Group has early adopted COVID-19 Related Rent Concessions - Amendments to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee - i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings as at 1 April 2020.

The Group negotiated rent concessions with its landlords for the majority of its property leases as a result of the severe impacts of the COVID-19 pandemic during the period. The Group applied the practical expedient for COVID-19 related rent concessions consistently to eligible rent concessions relating to its property leases.

The amount credited to the consolidated interim statement of comprehensive income for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19 related rent concessions is \$1.0m (2019: nil)

### **(d) Comparatives**

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

## **2 Basis of preparation of financial statements (continued)**

### **(e) Significant estimates and judgments**

In authorising the consolidated interim financial statements for the six months ended 30 September 2020, 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.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.



### 3 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 provides services direct to the community to support independent living.

#### Operating segments

##### Information about reportable segments

September 2020 (Unaudited)	Note	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	Corporate \$'000	Total \$'000
External revenues	4.1	153,680	41,026	82,454	-	277,160
Cost of products sold		(88,622)	-	-	-	(88,622)
Employee benefit expense		(30,029)	(28,204)	(76,210)	-	(134,443)
Lease expenses		(693)	(13)	(37)	-	(743)
Other expenses		(14,769)	(5,691)	(2,672)	(1,102)	(24,234)
Depreciation and amortisation		(3,286)	(484)	(335)	-	(4,105)
Depreciation - leases		(5,584)	(1,519)	(812)	-	(7,915)
Share of equity accounted net earnings		231	605	-	-	836
<b>Segment Profit</b>		<b>10,928</b>	<b>5,720</b>	<b>2,388</b>	<b>(1,102)</b>	<b>17,934</b>
Interest income						19
Interest expense						(698)
Interest expense - leases						(2,245)
<b>Profit before tax</b>						<b>15,010</b>
Tax expense						(3,995)
<b>Profit after tax</b>						<b>11,015</b>
Non-controlling interest						(2,169)
<b>Net Profit attributable to the shareholders of the parent</b>						<b>8,846</b>
Reportable segment assets		278,330	67,682	39,337	(11,253)	374,096
Reportable segment liabilities		147,865	57,996	34,081	(11,253)*	228,689

\*Intersegmental elimination

**Green Cross Health Limited**  
**Notes to the financial statements**  
**For the six months ended 30 September 2020**

**3 Segment reporting (continued)**

September 2019 (Unaudited)	Note	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	Corporate \$'000	Total \$'000
External revenues	4.1	162,378	38,041	74,983	-	275,402
Cost of products sold		(93,656)	-	-	-	(93,656)
Employee benefit expense		(30,070)	(27,196)	(70,137)	-	(127,403)
Lease expenses		(1,973)	(291)	(166)	-	(2,430)
Other expenses		(16,397)	(5,144)	(2,413)	(951)	(24,905)
Depreciation and amortisation		(3,055)	(660)	(493)	-	(4,208)
Depreciation - leases		(5,138)	(1,446)	(768)	-	(7,352)
Share of equity accounted net earnings		145	448	-	-	593
<b>Segment Profit</b>		<b>12,234</b>	<b>3,752</b>	<b>1,006</b>	<b>(951)</b>	<b>16,041</b>
Interest income						82
Interest expense						(993)
Interest expense - leases						(2,929)
<b>Profit before tax</b>						<b>12,201</b>
Tax expense						(3,322)
<b>Profit after tax</b>						<b>8,879</b>
Non-controlling interest						(1,879)
<b>Net Profit attributable to the shareholders of the parent</b>						<b>7,000</b>
Reportable segment assets		248,877	72,477	43,562	(10,157)	354,759
Reportable segment liabilities		149,435	54,864	28,054	(10,157)*	222,196
<i>*Intersegmental elimination</i>						

## 4 Operating performance

### 4.1 Revenue

The Group's operations and revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

	Six months ended 30 Sep 2020 (Unaudited) \$'000	Six months ended 30 Sep 2019 (Unaudited) \$'000
<b>Revenue from contracts with customers</b>		
Pharmacy retail and dispensary	133,247	144,367
Other pharmacy revenue	20,433	18,011
Medical fee income	41,026	38,041
Home care	82,454	74,983
	<b><u>277,160</u></b>	<b><u>275,402</u></b>

Revenue includes government grant incentives received of \$7.0m other pharmacy revenue, \$0.5m medical fee income and \$0.5m home care under the New Zealand Government's wage subsidy scheme available to eligible businesses impacted by the COVID-19 pandemic.

### Disaggregation of contract revenue

	Reportable segments			Total \$'000
	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	
<b>Six months ended 30 September 2020 (Unaudited)</b>				
<b>Timing of revenue recognition</b>				
Transferred at a point in time	148,760	18,642	58,429	225,831
Transferred over time	4,920	22,384	24,025	51,329
	<b><u>153,680</u></b>	<b><u>41,026</u></b>	<b><u>82,454</u></b>	<b><u>277,160</u></b>
	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	Total \$'000
<b>Six months ended 30 September 2019 (Unaudited)</b>				
<b>Timing of revenue recognition</b>				
Transferred at a point in time	156,898	17,976	50,738	225,612
Transferred over time	5,480	20,065	24,245	49,790
	<b><u>162,378</u></b>	<b><u>38,041</u></b>	<b><u>74,983</u></b>	<b><u>275,402</u></b>

#### 4 Operating performance (continued)

##### 4.2 Operating expenditure

	Six months ended 30 Sep 2020 (Unaudited) \$'000	Six months ended 30 Sep 2019 (Unaudited) \$'000
Cost of products sold	88,622	93,656
Employee benefit expense	134,443	127,403
Lease expenses	743	2,430
Other expenses	24,234	24,905
	<b>248,042</b>	<b>248,394</b>

#### 5 Operating cash flow reconciliation

	Six months ended 30 Sep 2020 (Unaudited) \$'000	Six months ended 30 Sep 2019 (Unaudited) \$'000
Profit for the period	11,015	8,879
Add/(deduct) non-cash items:		
Depreciation, amortisation and impairment	12,020	11,560
Other non-cash items	2,193	5,288
Add/(deduct) changes in working capital items:		
Receivable and accruals movement	8,969	1,406
Inventory	1,085	(642)
Payable and accruals movements	3,865	(4,402)
<b>Net cash inflow from operating activities</b>	<b>39,147</b>	<b>22,089</b>

#### 6 Shares on issue

	As at 30 Sep 2020 (Unaudited) \$'000	As at 30 Sep 2019 (Unaudited) \$'000	As at 31 Mar 2020 (Audited) \$'000
<b>Shares authorised and on issue</b>			
Opening number of shares	143,303	143,486	143,486
Shares issued - fully paid	-	-	-
Shares issued - partly paid	-	-	-
Shares cancelled - partly paid	-	-	(183)
	<b>143,303</b>	<b>143,486</b>	<b>143,303</b>
Shares held as treasury stock	(150)	(333)	(150)
	<b>143,153</b>	<b>143,153</b>	<b>143,153</b>

Net tangible assets per share (cents) <sup>^</sup>	(2.82)	(14.25)	(10.38)
Net assets per share (cents) <sup>*</sup>	101.57	92.60	94.11

<sup>^</sup>The calculation of Net tangible (liabilities)/assets per share is based on net assets less deferred tax and intangible assets and the closing number of ordinary shares.

<sup>\*</sup>The calculation of net assets per share is based on net assets and the closing number of ordinary shares.

## **7 Distribution to owners**

Green Cross Health Limited elected not to pay a final dividend for the year ended 31 March 2020 (31 March 2019: 3.5 cents per qualifying ordinary share).

## **8 Subsequent events**

There have been no subsequent events which require disclosure in these consolidated interim financial statements.

# Green Cross Health Limited Company Directory

## Board

**K Ellis**  
Independent Chair

**J A Bagnall**  
Non-Executive Director

**J B Bolland**  
Non-Executive Director

**P M Merton**  
Non-Executive Director

**K A Orr**  
Independent Director

**C M Steele**  
Independent Director

**PJ Williams**  
Non-Executive Director

## Officers

**Rachael Newfield**  
Group CEO

**Ben Doshi**  
Group CFO/Company Secretary

## Registered office

Green Cross Health Limited  
Ground Floor, Building B  
602 Great South Road  
Ellerslie, Auckland 1051  
Telephone: +64 9 571 9080

## Share register

Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1142  
Level 2, 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](http://www.investorcentre.com/nz)

General enquiries can be directed to:  
[enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)  
Telephone: +64 9 488 8777  
Facsimile: +64 9 488 8787

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

## Auditor

KPMG  
KPMG Centre  
18 Viaduct Harbour Avenue  
Auckland

## Bankers

Bank of New Zealand  
80 Queen Street  
Auckland 1010

## Investor relations

For investor relations enquiries:  
Phone: 09 571 9088  
Email: [investorrelations@gxh.co.nz](mailto:investorrelations@gxh.co.nz)

**Green Cross Health Limited  
Company Directory (continued)**

**Websites**

[www.greencrosshealth.co.nz](http://www.greencrosshealth.co.nz)  
[www.access.org.nz](http://www.access.org.nz)  
[www.lifepharmacy.co.nz](http://www.lifepharmacy.co.nz)  
[www.livingrewards.co.nz](http://www.livingrewards.co.nz)  
[www.thedoctors.co.nz](http://www.thedoctors.co.nz)  
[www.unichem.co.nz](http://www.unichem.co.nz)