

Annual Report 2016

*Consolidated Financial
Statements for the year
ended 31 March 2016*





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 health care and advice and we are proud to embrace this legacy in both our company name and the icon we use to identify our services.

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Who we are

Because of what we do, everyone is healthier

This is our vision.



Recognition of a green cross as a symbol for health grew from 10% to 29% from 2014 to 2015*

**Colmar Brunton brand health survey, August 2015.*

Our purpose and our passion, shared throughout the Green Cross Health Group, is to provide New Zealand communities with the best health support, care and advice. We are a growing network of health professionals and supporting staff committed to delivering better patient experiences and health outcomes.

We believe that easy access to quality health care is a right of everyone in New Zealand. By reducing the barriers to information sharing and by delivering health coaching in our communities - improving understanding and self-management of health - we can create better services that put the patient at the centre of their own health care choices and delivery.

For our network of medical centres, pharmacies and community health services we are committed to delivering the benefits of being part of a branded group. We also guarantee clinical independence and understand that local knowledge and service tailored to the unique needs of every community is critical to successful delivery.

Our green cross

When we became Green Cross Health in 2014, we embraced 900 years of health care history in our green cross symbol which was first used by the Hospitallers of St Lazarus in Greece in the 12th century.

As our family of brands including The Doctors, Unichem, Life Pharmacy and Access adopt the green cross symbol, people in New Zealand are becoming familiar with it as an icon for health.

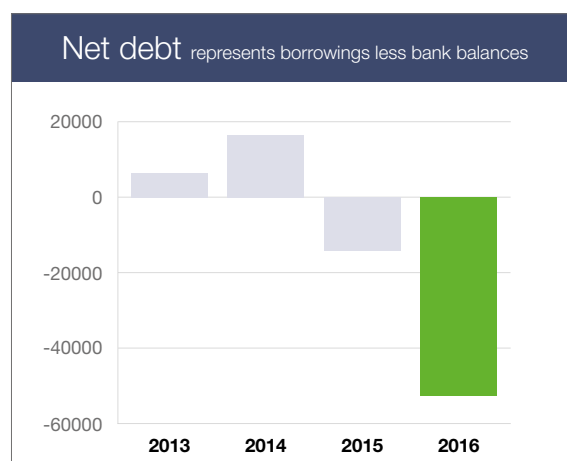
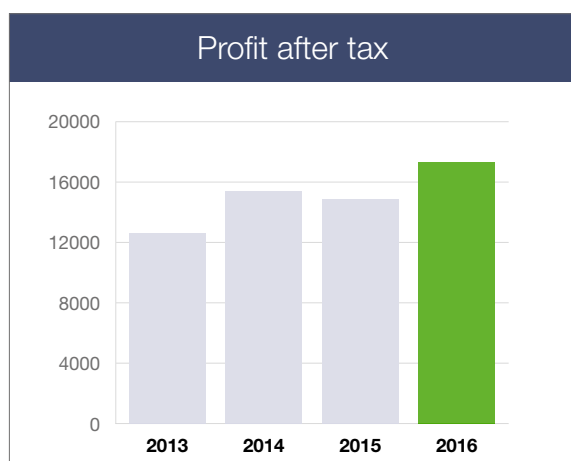
Financial summary

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

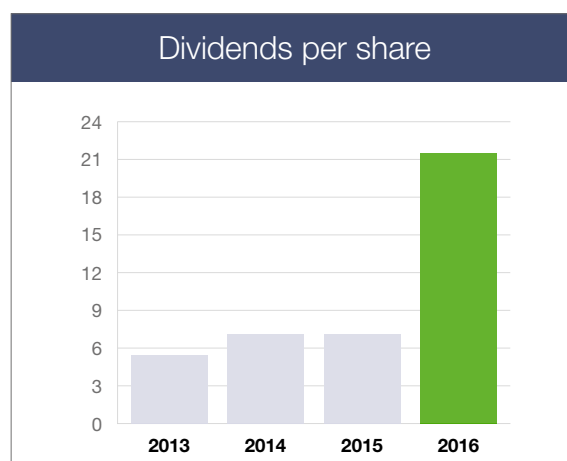
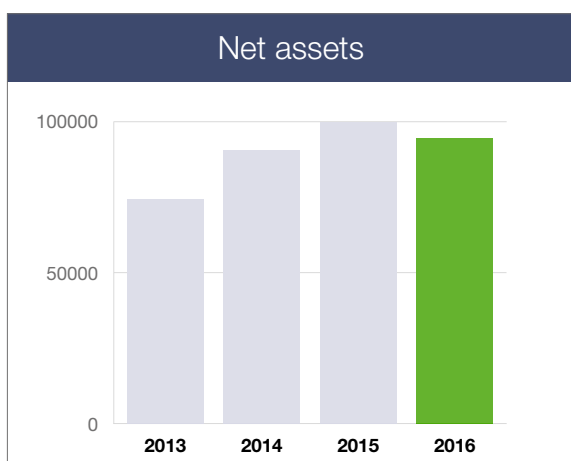
	2016 \$'000	2015 \$'000
We generate revenue from four sources:		
Pharmacy store sales	272,199	241,871
Medical centre sales	43,472	22,644
Community Health sales	105,679	32,488
Services provided to stores and medical centres	26,350	25,475
Our costs to operate are primarily:		
Lease expense	18,227	14,744
Wages and salaries	187,268	96,343
Costs of products sold	170,681	149,862
Depreciation and amortisation	5,580	4,499
Other costs (marketing, governance, communications etc)	36,760	32,338
<i>You can really see the effect of a full year's trading from Access Homehealth Limited and Peak Primary Limited both purchased part way through last year.</i>		
After all income and expenses we earned:		
Profit before tax	27,930	25,444
Tax expense	(6,882)	(6,554)
Profit after tax	21,048	18,890
Non-controlling interest	(4,012)	(4,465)
Profit after tax attributable to the shareholders of the Parent	17,036	14,425



	2016	2015
	\$'000	\$'000
So what happened to the profit and where did the cash go?		
We started the year with a bank balance of	23,554	25,274
Our profit after tax (and after adjusting for non-cash items) was	24,516	22,596
We bought various businesses	(13,540)	(23,929)
We bought some fixed assets	(10,642)	(6,384)
We sold investments	1,461	-
Our bank borrowings increased by	26,896	13,793
We raised some additional equity	178	223
We paid dividends to our shareholders	(23,217)	(3,017)
We paid dividends to our minority partners	(3,196)	(3,949)
Our working capital increased by	(6,092)	(1,053)
We ended the year with a bank balance of	19,918	23,554



	As at March 2016 \$'000	As at March 2015 \$'000
So what is the Company worth?		
We have total assets of	229,651	191,051
We have total liabilities of	(135,511)	(91,630)
So our equity is	94,140	99,421
Which represents a net asset value for each share of (cents)	68.9	74.3



Chairman's report

This year Green Cross Health has begun to take shape as a leader in the provision of primary health care services. We have accelerated the integration of last year's major acquisitions in our Community Health and Medical divisions and laid foundations for collaborative health care delivery across Pharmacy, Medical and Community Health.

39%

Growth in Group revenue

Growth has remained on track with further acquisitions in all three divisions. Revenue for the Group increased significantly year on year at \$448 million compared to \$322 million for the 2015 financial year, up 39%. This was primarily due to the full year effect of acquisitions in 2015, with our Community Health division revenue up \$73 million and the full year impact of Peak Primary driving Medical division revenue up \$22 million.

Pharmacy revenue also showed growth of 11%, attributable to strong sales growth, both same store organic growth and as the result of acquisitions. Group profit after tax was \$17 million, up 18% on last year and was impacted by a \$1.7 million fair value gain and interest costs approximately \$2 million above last year.

In August 2015 the Group refinanced its debt position and paid out a special dividend of \$20.4 million. As a result of this dividend and continued acquisitions the Group currently has borrowings (net of cash) of \$52.6 million up from \$15.4 million at 31 March 2015. Although the Group has increased its debt significantly its balance sheet remains strong with sufficient head room to take advantage of any future opportunities.

In October 2015 Simon Lipscombe was appointed as CEO of our Community Health division, replacing Graeme Titcombe who signaled his intention to retire when we acquired Access Homehealth in November 2015.

1.2m

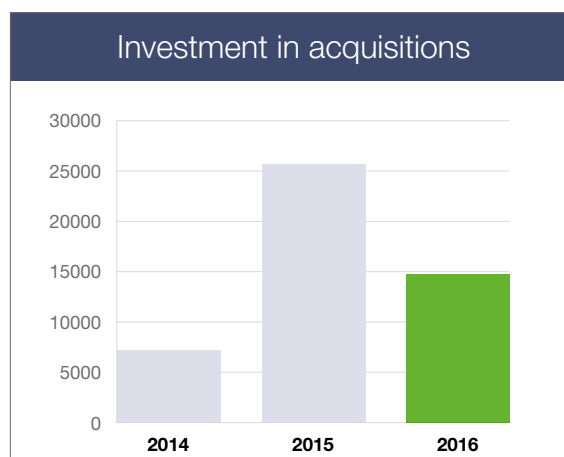
Living Rewards members

Highlights:

- Revenue up 39% to \$448 million.
- Net profit after tax up to \$17 million, an 18% increase on last year.
- In July 2015 the Group purchased the remaining 50% shareholding in Total Care Health Services Limited. This acquisition has enhanced the Community Health offering, particularly in the Auckland region and will assist with the growth of our nursing services nationwide.
- The Group continued to expand its ownership in the Pharmacy and Medical divisions, acquiring 11 pharmacies and two medical centres. We also increased our stake in three medical practices and acquired minority interests in a further two. We now provide services to a total of 47 equity and independent medical centres.
- Equity and licensee pharmacies joining our group brought total membership to 338, our highest number to date.

Future focus

The Pharmacy division has very successfully grown same store retail sales, with the Living Rewards customer engagement programme making a significant contribution. Investment in the programme has grown membership to more than 1.2 million members and we are confident that data and insights generated from the programme will help drive future revenue and profit growth. We also anticipate realising the full profit contribution from recent pharmacy acquisitions during 2017.



Through cross divisional collaboration we will deliver a more patient focused and measurable health care model

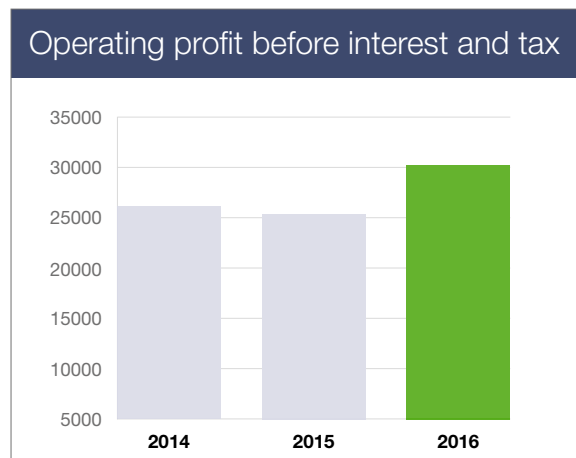
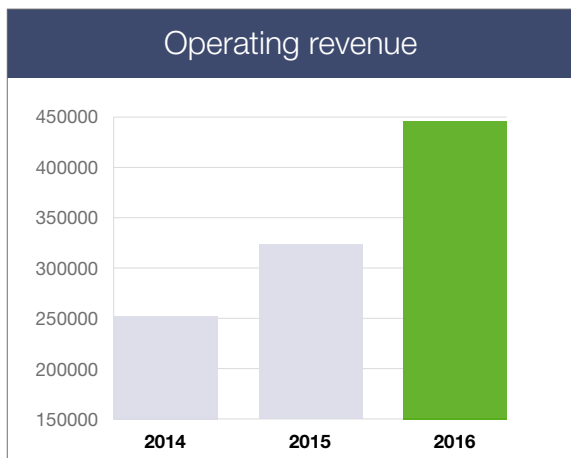
While our Community Health division result met expectations and significant new contracts were secured, funding in the sector continues to be a challenge into the next financial year. A restructure has resulted in better alignment between the cost base and revenue streams for the organisation which, together with growth in the nursing sector, will improve returns in the future. We will focus on expanding our presence for community health services in the Auckland market and in nursing services throughout New Zealand.

The Medical division represents an opportunity for significant growth. We will invest in providing the infrastructure, support services and innovation needed to enable the health professionals in our medical centres to focus on delivering the best possible health outcomes for their communities.

A key future strategy for the Group lies in our potential to deliver, through cross divisional collaboration, a more patient focused and measurable health care model.

We have been shaping our leadership team to facilitate greater collaboration between our Pharmacy, Medical and Community Health divisions, sharing knowledge and actively pursuing initiatives which contribute to better patient experiences.

The Group is in a strong position to contribute substantially to the sustainable delivery of primary health care services in New Zealand and we will continue to engage with stakeholders across primary care to achieve this.



The Group is in a strong position to contribute substantially to the sustainable delivery of primary health care services in New Zealand

Changes to the Board

At the general meeting in July 2015, Ian Sharp retired from the Board after six years of service. With over 38 years as a pharmacist his extensive knowledge of the industry will be missed.

In August 2015, Dr Tony Edwards joined the Board. Dr Edwards was a founding shareholder and director of "The Doctors" Group and is also a practicing GP and therefore adds a wealth of experience particularly in relation to the Medical division.

Dividend

The Directors have resolved to pay a fully imputed final dividend of 3.5 cents per share fully imputed to 28% to shareholders on the register at 5pm on 10 June 2016. The dividend was paid on 24 June 2016. The dividend reinvestment plan continues to operate. This takes the full year dividend to 22 cents per share, which included a special dividend of 15 cents per share.

Thank you to our team

As a Group we are passionately committed to the health and wellness of New Zealand and to providing the best support, care and advice to our communities.

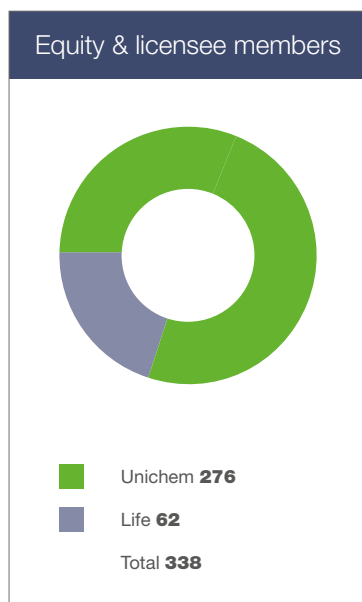
Delivering on this commitment, and the success of Green Cross Health, depends on the efforts of our staff. The Board would like to thank our skilled and dedicated team of health professionals and support staff for their hard work and results achieved this year.



Peter Merton
Chairman
24 May 2016

Pharmacy division

This financial year has seen us further strengthen our leadership position in the pharmacy market with rapid retail sales growth and expansion of professional services programmes.



We have continued with our commitment to deliver improved customer experiences and secure sustainable growth, investing in platforms to deliver robust business analytics and service one of New Zealand’s largest customer engagement programmes, Living Rewards.

We have continued to focus on two key strategic initiatives:

- Completion of the strategy to rationalise into two brands in the market with a differentiated customer offer between our community pharmacy brand Unichem and our prestige brand Life Pharmacy.
- Continued growth in our Living Rewards customer engagement programme and the use of data to assist our business decisions.

These initiatives and our profile as an industry leader has attracted more pharmacies into our branded group than ever before.

Unichem is now one of the largest retail groups in New Zealand with 276 outlets. Consumer awareness of our brands is at very high levels with research showing Unichem has 99% consumer awareness and Life Pharmacy 91%.*

We are delivering on our commitment to raise the profile of community pharmacy and the role of pharmacists as members of the primary health care team in their community. Recognition of our green cross icon as a symbol for health has more than doubled.**

Investment in learning and development platforms and programmes during the last 12 months will lead to improved customer experience and provide career pathways for our pharmacy teams. We have clear goals in place to improve attraction, retention and engagement of team members.

*Colmar Brunton brand health survey, August 2015. Total prompted awareness.

** Colmar Brunton brand health survey, August 2015.

8.5%

Same store annual sales growth

263

Rebranded pharmacies

Highlights:

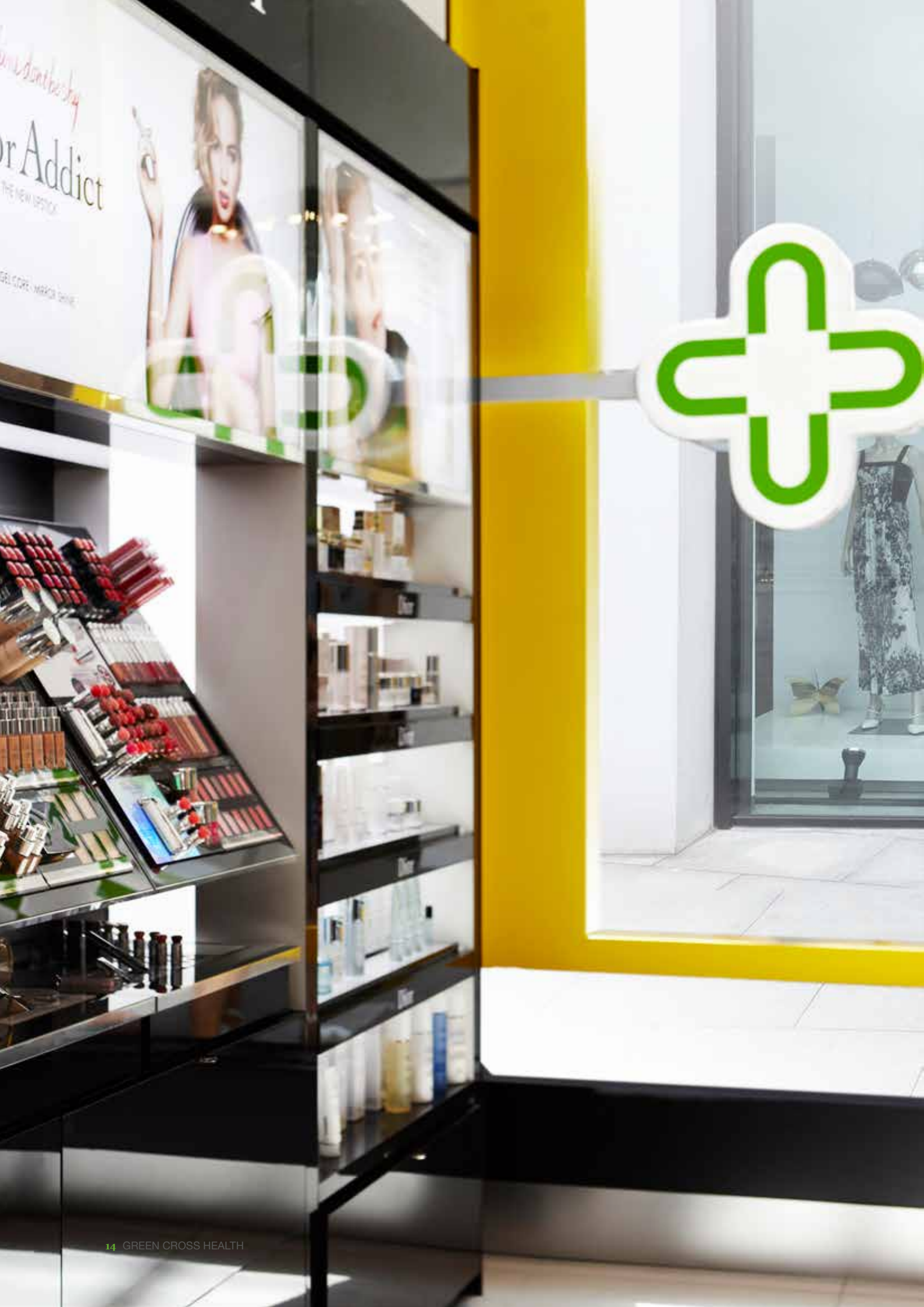
- Same store retail sales growth of 8.5%.
- Completion of the rebranding project with all pharmacies branded into Unichem or Life Pharmacy. 263 pharmacies have been externally rebranded and progress continues with the interior store development programme.
- The acquisition of 11 new pharmacies into our equity portfolio.
- The addition of 25 new pharmacies to our branded group bringing the total number in the Unichem and Life Pharmacy network to 338 and a presence in almost every New Zealand community.
- Living Rewards now has 1.2 million customers who account for nearly 5 million visits per annum. The programme has successfully driven desirable behaviour changes with Living Rewards members average spend increasing by 10% and transaction frequency by 34% since March 2014.
- The launch of the Green Cross Health Academy offering education and skills training courses via e-learning. We have 2,600 team members enrolled and several courses are NZQA accredited.
- The launch of a partnership with Look Good, Feel Better, supporting them to deliver workshops throughout New Zealand for people undergoing cancer treatment.

The practice and promotion of professional pharmacy services, with a strong care + advice philosophy, has continued with considerable success:

- The number of vaccinating pharmacists has increased to more than 450 and the number of pharmacies offering vaccination services to more than 200. Green Cross Health represents more than 80% of all vaccinating pharmacists in New Zealand. We were pleased to secure DHB funding in some areas for pharmacists to provide flu vaccinations to people over 65 years.
- Our branded pharmacies dispensed 29.5 million prescription items, up 7% on the previous year. This represents 45% of the total market.

Operating revenue was up 11.4% on last year with same store sales revenue increasing 8.5%. In addition to the store operating revenue we generated \$26.4 million in support office revenue.

The investment in our Living Rewards customer engagement programme has been realised by investing capital into systems and sales margin as customer engagement has grown rapidly and more customers are being rewarded. Whilst the growth of the programme has contributed to the positive increase in top line sales revenue, the flow on benefit into profit performance has yet to be maximised.



Don't be shy
Lip Addict
THE NEW LIPSTICK
GEL CORE - MOISTURIZING

29.5m

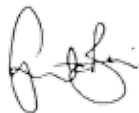
Prescription items dispensed

The acquisition of 11 pharmacies required investment in personnel and the integration of these businesses is now complete, with profit benefits expected to be realised in the next financial year.

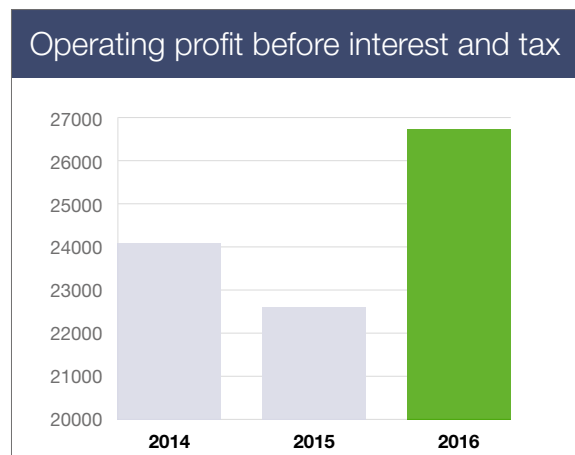
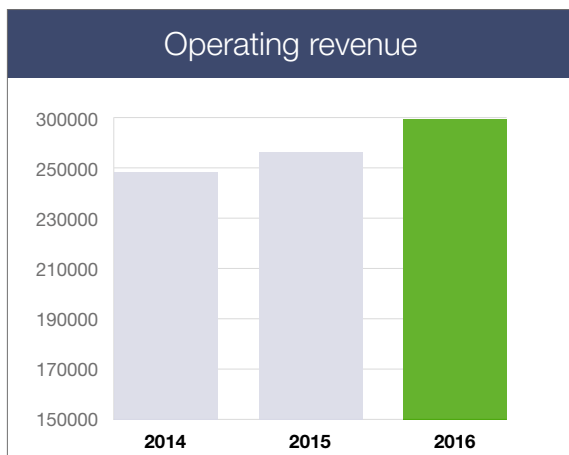
Future focus

Our focus for the coming year:

- Continued investment in the growth of our brands, shifting the emphasis from physical rebranding to customer experience via all customer touchpoints.
- Adding value to our pharmacy network by increasing the profile of the pharmacy as part of the primary health care team and increasing efficiency, value and profitability to our licensees.
- Strengthening our insights and offer with our supply partners, and improving our supply chain processes.
- Instigating and delivering collaborative initiatives between our primary health care divisions with a focus on improved customer experiences and outcomes.
- Growth in the number of pharmacies in our group.



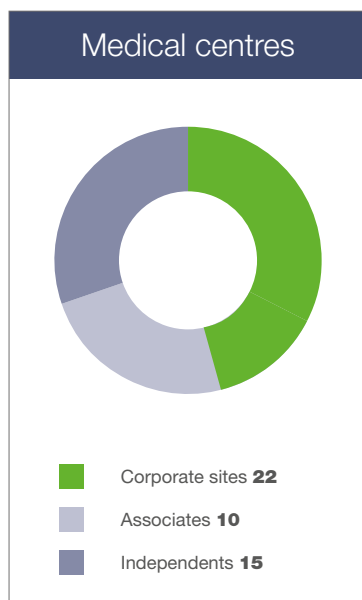
Grant Bai
 CEO Pharmacy and Medical
 24 May 2016





Medical division

We are passionate about the opportunity to reshape the New Zealand primary health care industry, by focussing on delivering better patient outcomes and experiences.



This year has been about improving the value we deliver to the 47 medical centres within our Group of wholly owned, partnership and independent practices. We have invested in the infrastructure and team to support future growth following the significant acquisitions made in the previous financial year.

Service funding opportunities are contingent on measured outcomes. Improving patient experiences and outcomes is central to our growth ambitions. Benchmarking against targets and enhancing the analytical skills and resources to measure the impact of the services we provide is critical to building our medical network and attracting and retaining patients. This year we have progressed with our ability to deliver such benchmarking and measurement.

Our medical network provides general practice services across New Zealand with more than 900 doctors, nurses and health care practitioners servicing more than 1 million patient visits per annum. We also support a growing number of ancillary services such as radiology, physiotherapy, midwives and social workers.

Our strategy remains focused on two areas:

Patients – Co-ordination and collaboration of services and contacts to reduce complexity and improve patient access and experience. This is enabled by emphasising proactive health management and is the sustainable pathway for the future for primary healthcare.

Medical centres – We are focused on providing access to economic efficiencies, scalable services and data analytics to efficiently meet patient needs and address sustainability and succession. We facilitate collegial support, shared learning and strive to be a centre of excellence therefore providing career pathways and options for the health professionals within our network.

87.9%

Increase in operating revenue

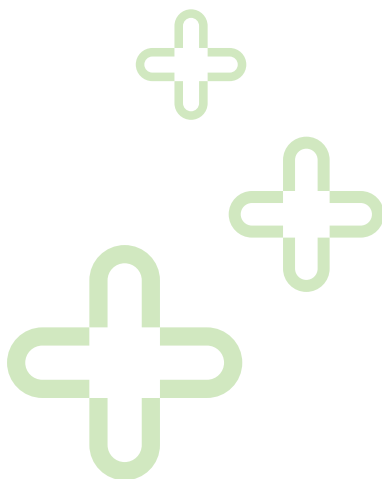
14%

Increase in operating profit before interest and tax

Progress in these two areas, in combination with investment in technology platforms to reduce the barriers to information sharing, will create a patient centric offer. We are committed to delivering the benefits of being part of a branded group to our medical centres, while recognising that their knowledge of their local community and ability to provide tailored services to their unique patient needs is critical to successful delivery. We guarantee clinical independence and aim to facilitate the best possible health outcomes for patients in every New Zealand community, with easy access to quality healthcare central to our philosophy.

Highlights:

- Investment in an additional seven medical centres.
- The continuation of upgrading our brand presence with a further six “The Doctors” sites.
- Successful integration of the support office functions following the acquisition in FY15 of Peak Primary Limited.
- Establishment of the clinical governance group.
- Patient growth currently at 1.5%.
- Operating profit before interest and tax up 14% over the previous year.
- Operating revenue growth was up 87.9% due primarily to the full year effect of the acquisition of Peak Primary Limited.



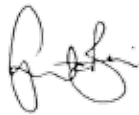
Improve clinical outcomes for our communities while supporting our network of health professionals

Future focus

Our focus for the coming year:

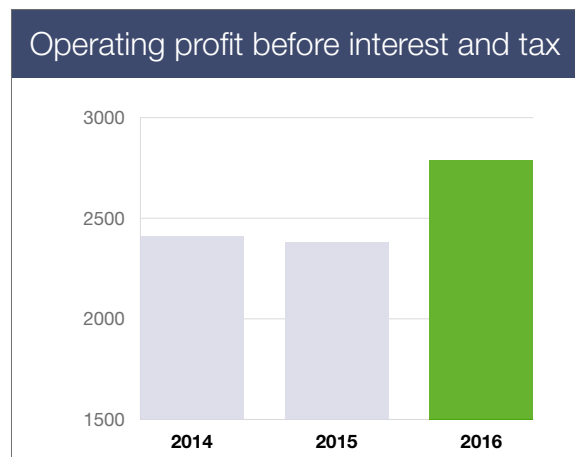
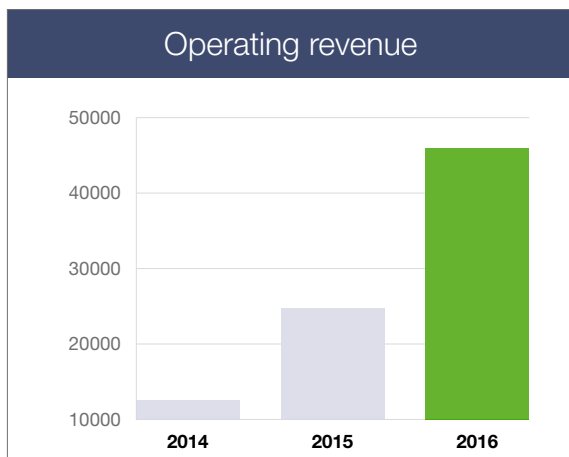
- Deliver value through the best service models, easier access to data and key support resources to our medical centres to assist our network of health professionals and drive growth.
- Focus on improving patient experiences and outcomes for healthier communities.
- Improve business performance through supporting our medical centres with process simplification, easier access to services and introducing innovative models of care.
- Growth through continued acquisitions.

These specific areas will help us achieve our objectives to improve clinical outcomes for our communities while supporting our network of health professionals. This will result in a continued increase in patient numbers and provide the business with sustainable profit growth and new avenues for funding.



Grant Bai

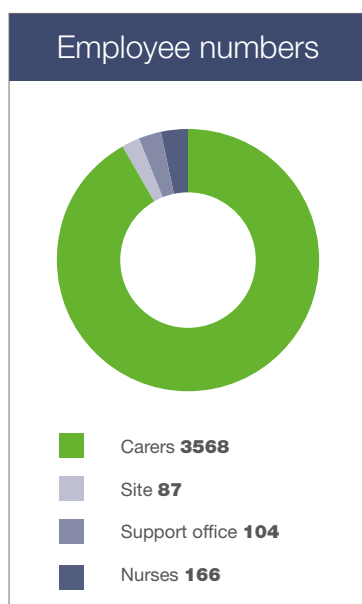
CEO Pharmacy and Medical
24 May 2016





Community Health division

The 2015-16 financial year marked the first full year of Access Homehealth Limited trading as part of the Green Cross Health Group and the organisation has successfully transitioned into the Group. During the year we served around 18,000 clients in our communities with 2.9 million home visits.



In July 2015 the Community Health portfolio was augmented by the purchase of the remaining 50% of Total Care Health Services Limited, an organisation delivering nursing services, predominantly in the Auckland region. This provides us with scope to expand our support services in Auckland and reciprocal expansion of nursing services throughout New Zealand. Following the Total Care Health acquisition there was a realignment of the business cost base and a focus on business improvement to establish a strong platform for growth.

Securing new contracts has resulted in a successful growth phase for Access. In 2015 we continued to embed new business previously secured with ACC nationally, Hawkes Bay DHB and Southern DHB. Recently we signed a heads of agreement to be the sole Home and Community Support Service provider to both Capital and Coast DHB and Hutt Valley DHB. This sole provision opportunity is the first of its kind in New Zealand, and will significantly enhance the Access footprint.

We continue to work closely with the Government to redress pay rates and funding in the sector. Improving pay conditions for our staff and offsetting cost pressures are priorities for our business. We have renewed our focus on delivering operational and service efficiencies which, coupled with sales growth and IT platform development programmes, will facilitate improved financial performance over time.

\$106m

Operating revenue

2.9m

Number of home visits per annum

Highlights:

- A full year of trading growth under the ownership of Green Cross Health.
- Revenue growth of 21% over previous year on an annualised basis.
- The full purchase of specialist nursing services business, Total Care Health, providing opportunities for expansion.
- Capital and Coast/Hutt Valley DHB sole service provision opportunity.
- Significant reduction of our cost base to enhance financial performance.

Future Focus

New Zealand communities are growing and ageing. Supporting people to remain in their own homes for longer and to be able to manage their own health for longer are central to the objectives for the Green Cross Health Group, and in line with the government health strategy. The Community Health division will lead the delivery of services in the community for ageing populations and for all those who are in need of our support services. Our aim is to improve self-care and to use technology to provide an opportunity for greater clinical oversight, earlier interventions and better outcomes for our clients.



Our aim is to improve self-care and to use technology to provide an opportunity for greater clinical oversight, earlier interventions and better outcomes for our clients

Our focus for the coming year:

- Roll out new Access branding to signify our plans to deliver enhanced patient centric outcomes via enhanced client services programmes.
- Build on our operations excellence platform to drive team performance.
- Enhance engagement with our front line staff.
- Drive increased sales through incremental referral growth.
- Grow the Community Health business by developing the synergies between the specialist nursing services of Total Health Care, the home support services of Access and our networks of medical centres and pharmacies.
- Invest in IT solutions to drive improved efficiency and patient outcomes.



Simon Lipscombe
CEO Community Health
24 May 2016



life Pharmacy



 **beautique** | SKIN & BEAUTY SPA

ESTÉE LAUDER

LANE



 **beautique**

Directors' declaration

For the year ended 31 March 2016

In the opinion of the Directors of Green Cross Health Limited, the financial statements and notes, on pages 30 to 58:

- 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 2016 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 2016.

For and on behalf of the Board of Directors:



Peter Merton
Chairman
24 May 2016



Keith Rushbrook
Director
24 May 2016

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 58. The financial statements comprise the consolidated statement of financial position as at 31 March 2016, 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.

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, this report or any of the opinions we have formed.

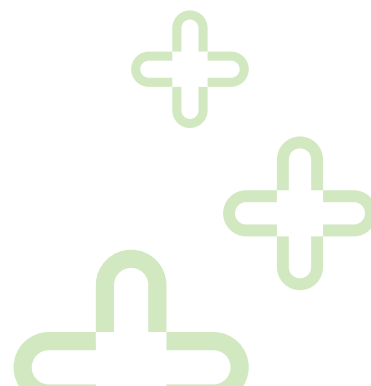
Directors' responsibility for the consolidated financial statements

The Directors are responsible on behalf of the company 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 58 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 2016 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.

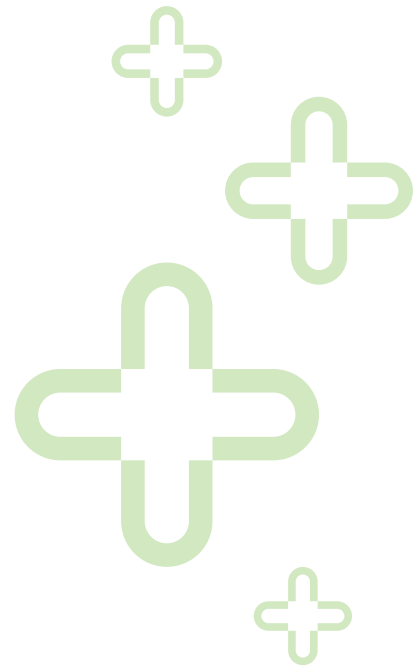


24 May 2016

Auckland

Group financial statements





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Consolidated statement of financial position	33
Consolidated statement of cash flows	34

Consolidated statement of comprehensive income

For the year ended 31 March 2016

	Note	2016 \$'000	2015 \$'000
Operating revenue	5	447,700	322,478
Operating expenditure	7	(412,936)	(293,287)
Depreciation and amortisation	12,13	(5,580)	(4,499)
Share of equity accounted net earnings	15	879	1,004
Operating profit before interest and tax		30,063	25,696
Interest income		575	969
Interest expense		(2,708)	(1,221)
Net interest expense		(2,133)	(252)
Profit before tax		27,930	25,444
Income tax expense	8	(6,882)	(6,554)
Profit after tax for the year		21,048	18,890
Other comprehensive income for for the year, net of tax		-	-
Total comprehensive income for the year		21,048	18,890

	Note	2016 \$'000	2015 \$'000
Attributable to:			
Shareholders of the Parent		17,036	14,425
Non-controlling interest		4,012	4,465
Attribution of profit and comprehensive income to shareholders and non controlling interest		21,048	18,890
Earnings per share:			
Basic earnings per share (cents)	9	12.57	10.91
Diluted earnings per share (cents)	9	12.53	10.88

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 35 to 58 form part of the financial statements.



Consolidated statement of changes in equity

For the year ended 31 March 2016

	Note	Share capital \$'000	Retained earnings \$'000	Non- controlling interest \$'000	Total equity \$'000
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	23	76			76
Balance at 31 March 2015		69,767	26,514	3,140	99,421
Balance at 1 April 2015		69,767	26,514	3,140	99,421
Profit for the year			17,036	4,012	21,048
Total comprehensive income for the year			17,036	4,012	21,048
Transactions with owners, recorded directly in equity					
Issue of shares		6,690			6,690
Dividends to shareholders	10		(29,727)		(29,727)
Distribution to non-controlling interests				(3,196)	(3,196)
Impact of other transactions with non-controlling interest			12	(228)	(216)
Share scheme amortisation	23	120			120
Balance at 31 March 2016		76,577	13,835	3,728	94,140

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 35 to 58 form part of the financial statements.

Consolidated statement of financial position

As at 31 March 2016

	Note	2016 \$'000	2015 \$'000
Equity			
Share capital		76,577	69,767
Retained earnings		13,835	26,514
Total equity attributable to shareholders of the Parent		90,412	96,281
Non-controlling interest		3,728	3,140
Total equity		94,140	99,421
Current assets			
Cash and cash equivalents		19,918	23,554
Trade and other receivables	11	34,264	22,694
Inventories		31,353	24,951
Total current assets		85,535	71,199
Non-current assets			
Property, plant and equipment	12	19,553	13,434
Intangible assets	13	113,243	93,407
Deferred tax asset	14	6,253	5,869
Equity accounted group investments	15	5,067	7,142
Total non-current assets		144,116	119,852
Total assets		229,651	191,051
Current liabilities			
Payables and accruals	16	60,221	50,264
Income taxes payable	16	1,444	1,238
Borrowings	17	13,016	7,892
Total current liabilities		74,681	59,394
Non-current liabilities			
Payables and accruals		1,366	1,177
Borrowings	17	59,464	31,059
Total non-current liabilities		60,830	32,236
Total liabilities		135,511	91,630
Net assets		94,140	99,421

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 35 to 58 form part of the financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Dividend received	15	1,005	674
Receipts from customers		436,636	321,417
Interest received		575	969
Payments to suppliers and employees		(410,364)	(291,972)
Interest paid		(2,083)	(1,221)
Income taxes paid		(7,345)	(8,324)
Net cash inflow from operating activities	18	18,424	21,543
Cash flows from investing activities			
Purchase of property, plant, equipment and software intangibles		(10,642)	(6,384)
Acquisition of interests in equity accounted investments		(495)	(1,109)
Proceeds from sale of interests in equity accounted investments		266	-
Acquisition of interests in subsidiaries	6	(14,337)	(24,230)
Proceeds from sale of shares in subsidiaries		1,195	-
Net cash outflow from investing activities		(24,013)	(31,723)
Cash flows from financing activities			
Proceeds from borrowings		40,766	22,397
Repayment of borrowings		(13,870)	(8,604)
Shares issued for cash		178	223
Distribution to non-controlling interest		(3,196)	(3,949)
Dividends paid		(23,217)	(3,017)
Net cash inflow from financing activities		661	7,050
Net decrease in cash and cash equivalents		(4,928)	(3,130)
Add opening cash and cash equivalents		23,554	25,274
Cash acquired: business combinations	6	1,292	1,410
Closing cash and cash equivalents		19,918	23,554
Reconciliation of closing cash and cash equivalents to the consolidated statement of financial position:			
Cash and cash equivalents		19,918	23,554
Closing cash and cash equivalents		19,918	23,554

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 35 to 58 form part of the financial statements.

Notes to the financial statements

For the year ended 31 March 2016

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 24 May 2016.

(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 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 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 values of goodwill and intangible assets with an indefinite useful life, are 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 rate to apply when discounting future cash flows. Note 13 of these financial statements provides more information on the assumptions the 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 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% (2015: 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 acquires 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.

While the group has 41 (2015: 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 2016. 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 15 Revenue from Contracts with Customers, and clarification to NZ IFRS15.
- NZ IAS7 Cash Flow Statements.
- NZ IFRS 16 Leases.
- NZ IAS12 Income Tax.

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.

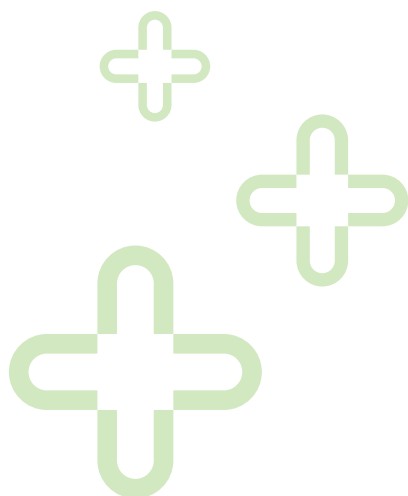
5. Segment reporting

The Group has three reportable segments: pharmacy 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.

The Board monitors the 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 NZ IFRS 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 2016	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	Intersegment eliminations \$'000	Total \$'000
External revenues	295,573	46,451	105,676	-	447,700
Total revenue	295,573	46,451	105,676	-	447,700
Cost of products sold	(170,681)	-	-	-	(170,681)
Employee benefit expense	(53,586)	(34,712)	(98,970)	-	(187,268)
Lease expenses	(14,169)	(2,736)	(1,322)	-	(18,227)
Other expenses	(26,280)	(6,266)	(4,214)	-	(36,760)
Depreciation and amortisation	(4,359)	(676)	(545)	-	(5,580)
Share of equity accounted net earnings	176	699	4	-	879
Operating profit before interest and tax	26,674	2,760	629	-	30,063
Interest income					575
Interest expense					(2,708)
Profit before tax					27,930
Tax expense					(6,882)
Profit after tax					21,048
Non-controlling interest					(4,012)
Net profit attributable to the shareholders of the Parent					17,036
Reportable segment assets	176,487	36,004	39,677	(22,517)	229,651
Equity accounted investments	1,576	3,491	-	-	5,067
Capital expenditure	9,914	82	646	-	10,642
Reportable segment liabilities	111,269	22,545	24,214	(22,517)	135,511

5. Segment reporting (continued)

March 2015	Pharmacy services \$'000	Medical services \$'000	Community Health \$'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
Cost of products sold	(149,862)	-	-	-	(149,862)
Employee benefit expense	(48,790)	(17,345)	(30,208)	-	(96,343)
Lease expenses	(12,813)	(1,549)	(382)	-	(14,744)
Other expenses	(27,314)	(3,606)	(1,418)	-	(32,338)
Depreciation and amortisation	(3,949)	(409)	(141)	-	(4,499)
Share of equity accounted net earnings	137	611	256	-	1,004
Operating profit before interest and tax	22,677	2,424	595	-	25,696
Interest income					969
Interest expense					(1,221)
Profit before tax					25,444
Tax expense					(6,554)
Profit after tax					18,890
Non-controlling interest					(4,465)
Net profit attributable to the shareholders of the Parent					14,425
Reportable segment assets	141,002	33,211	28,497	(11,659)	191,051
Equity accounted investments	1,456	4,038	1,648	-	7,142
Capital expenditure	6,011	72	301	-	6,384
Reportable segment liabilities	64,129	21,553	17,607	(11,659)	91,630

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 health 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 customer engagement programme. When a sale is made and points are earned, the resulting revenue is allocated between the customer engagement programme and the other components of the sale. The amount allocated to the customer engagement programme is deferred, and is recognised as revenue when the points are redeemed 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

Business combinations acquired during the year include; Christchurch Pharmacy (2015) Limited, Fred Thomas Pharmacy (2015) Limited, Gascoigne Medical Services Limited, Motueka Medical (2013) Limited, New Plymouth Pharmacy (2015) Limited, Parklands Pharmacy (2015) Limited, Pharmacy B102 Limited, Pharmacy G101 Limited, Pharmacy J104 Limited, Pharmacy K103 Limited, Pharmacy L105 Limited, Pharmacy N106 limited, The Doctors (Hastings) Limited, The Doctors (Huapai) Limited, Wellington Pharmacy (2016) Limited, and Total Care Health Services Limited. None of these acquisitions are individually material to the Groups result.

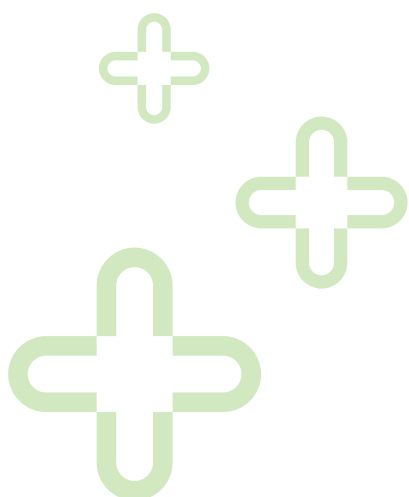
Identifiable assets acquired and liabilities assumed	Carrying value \$'000	Fair value \$'000
Total assets	7,450	7,450
Total liabilities	(2,738)	(2,738)
Identifiable net assets	4,712	4,712
Consideration transferred		
Satisfied by:		
Total consideration		22,219
Less net debt acquired		(7,882)
Net cash consideration		14,337
Less cash acquired (included in assets above)		(1,292)
Net cash outflow		13,045
Goodwill		
Goodwill recognised as a result of the acquisitions are as follows:		
Total consideration		22,219
Identifiable net assets		(4,712)
Change in non-controlling interest without change in control		1,411
Fair value of existing interests in associates and joint ventures		2,623
Goodwill		18,719

The amount of revenue included in the consolidated statement of comprehensive income is \$21.3 million with a net profit after tax of \$0.3 million.

7. Operating expenditure

	2016 \$'000	2015 \$'000
Cost of products sold	170,681	149,862
Employee benefit expense	187,268	96,343
Lease expenses	18,227	14,744
Change in fair value of vendor put option	(1,689)	-
Other expenses	37,486	31,584
Audit fees	211	183
Other services provided by auditors	84	116
Directors' fees in respect of the Parent company	407	331
Directors' fees in respect of the subsidiary companies	206	154
Bad debts written off and movement in doubtful debt provision	44	(30)
	412,936	293,287
Auditor's remuneration to KPMG comprises:		
Annual audit of financial statements	178	143
Audit of subsidiaries	33	40
	211	183
Other services provided by auditors:		
Taxation services	80	58
Other services	4	58
	84	116

Tax services relate to compliance and related services.



8. Income tax expense

(a) Income tax expense	2016 \$'000	2015 \$'000
Current tax expense	(7,538)	(6,686)
Deferred tax expense	656	132
	(6,882)	(6,554)
Total income tax expense		
Imputation credit account:		
Available for use in subsequent periods \$1,117,000 (2015: \$3,255,000).		
(b) Numerical reconciliation between tax expense & pre-tax accounting profit		
Profit before tax	27,930	25,444
Income tax expense at 28%	(7,820)	(7,124)
Deduct the tax effect of adjustments		
Prior period adjustment	130	221
Other	808	349
	(6,882)	(6,554)

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 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 tangible assets per share, net assets per share and dividends 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.

	2016	2015
Basic earnings per share (cents)	12.57	10.91
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 135,528,000 (2015: 132,242,000).		
Diluted earnings per share (cents)	12.53	10.88
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 adjustment for the effects of all dilutive ordinary shares of 135,910,000 (2015: 132,626,000).		
Net tangible (liabilities) / assets per share (cents)	(18.55)	0.11
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.		
Net assets per share (cents)	68.88	74.26
The calculation of net assets per share is based on net assets and the closing number of ordinary shares at the end of the year.		

10. Dividends to shareholders of the Parent company

Dividends per share (cents)	22.00	7.00
In December 2015 Green Cross Health Limited paid an interim dividend of 3.5 cents per qualifying ordinary shares to shareholders, which was fully imputed to 28%.		
In August 2015 Green Cross Health Limited paid a special dividend of 15 cents per qualifying ordinary shares to shareholders, which was fully imputed to 28%.		
In June 2015 Green Cross Health Limited paid a final dividend for the March 2015 year of 3.5 cents per qualifying ordinary shares to shareholders, which was fully imputed to 28%.		

11. Trade and other receivables

	2016	2015
	\$'000	\$'000
Trade receivables	19,195	12,385
Accrued income	12,150	7,884
Other receivables and prepayments	3,373	2,871
Provision for doubtful debts	(454)	(446)
	34,264	22,694

12. Property, plant and equipment

Opening cost	44,445	38,409
Acquisitions through business combinations	2,254	3,522
Additions	7,582	3,460
Disposals	(1,661)	(946)
Closing cost	52,620	44,445
Opening accumulated depreciation	32,133	29,296
Depreciation for the period	4,471	3,747
Disposals	(1,587)	(910)
Closing accumulated depreciation	35,017	32,133
Closing book value	17,603	12,312
Work in progress	1,950	1,122
Total property, plant and equipment	19,553	13,434

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	2016 \$'000	2015 \$'000
Opening cost		6,670	3,724
Acquisitions through business combinations	6	-	691
Additions		2,231	2,255
Disposals		(7)	-
Closing cost		8,894	6,670
Opening accumulated amortisation		3,079	2,327
Amortisation for the period		1,109	752
Disposals		(2)	-
Closing accumulated amortisation		4,186	3,079
Closing book value		4,708	3,591
Goodwill			
Opening cost		89,816	55,476
Additions	6	18,719	34,340
Closing cost		108,535	89,816
Total intangible assets		113,243	93,407

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 for software to allocate the cost of the asset (less any residual value) over its useful life. The residual values and remaining useful lives of software are reviewed at least annually. Other intangible assets represent franchisee, store rebranding costs and have an indefinite life.

Estimated useful lives of the asset classes are:

Software three - five 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 the 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 units 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 cash generating unit (CGU) then an impairment loss is recognised in 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 2017 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 New Zealand long-term inflation rate.

Impairment test assumptions 2016			
	Pharmacy services	Medical services	Community Health
Discount rate - post tax	11.4%	9.2%	9.9%
Terminal growth rate	2%	2%	2%
Carrying amount of goodwill allocated to the unit (\$000)	64,757	24,813	18,964
Carrying value of other intangible assets with indefinite useful lives (\$000)	1,963	-	-

Impairment test assumptions 2015			
	Pharmacy services	Medical services	Community Health
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 operations within a division that have similar economic characteristics and collectively benefit from acquisitions that increase the Group's portfolio.

13. Intangible assets (continued)

Sensitivities

No impairment was identified for the Pharmacy services and Medical services CGU's as a result of this review, nor under any reasonably possible change in any of the key assumptions described above. The estimated recoverable amount of the Community Health CGU exceeds its carrying value by \$1.6 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying value to exceed the recoverable amount.

Change required for carrying amount to equal the recoverable amount	
2016	
Post tax - discount rate	Increased by 1.2%
Terminal growth rate	Decrease by 0.6%
Forecast EBIT Growth in year one	Decrease by 11.0%

The values assigned to the key assumptions represent management's assessment of future trends for the Community Health CGU.

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
Group - 2016				
Property, plant and equipment	1,415	122	-	1,537
Provisions and accruals	4,096	718	(272)	4,542
Tax losses	358	(184)	-	174
	5,869	656	(272)	6,253
Group - 2015				
Property, plant and equipment	1,325	90	-	1,415
Provisions and accruals	1,023	55	3,018	4,096
Tax losses	371	(13)	-	358
	2,719	132	3,018	5,869

15. Equity accounted group investments

	2016 \$'000	2015 \$'000
The movement in equity accounted investments comprises:		
Opening carrying amount	7,142	6,028
Investment in associates and joint ventures	495	784
Disposal of associates and joint ventures	(2,444)	-
Share of net earnings	879	1,004
Dividend	(1,005)	(674)
	5,067	7,142
There are no individually material associates or joint ventures.		
Amount of goodwill within the carrying amount of equity accounted group investments:		
Opening carrying amount	4,487	3,685
(Disposal) / investment in associates and joint ventures	(1,279)	802
	3,208	4,487

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 2016	10,659	6,108	36,662	2,191
As at and for the year ended 31 March 2015	13,930	8,240	48,840	2,734

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 DCF model, the basis for which is described in note 13. No impairment was identified as a result of this exercise.

15. Equity accounted group investments (continued)

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 and 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 or 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

	2016	2015
	\$'000	\$'000
Trade payables	29,267	22,976
Payable to non-controlling interest	3,003	2,977
Accruals	14,158	12,211
Employee entitlements	13,793	12,100
	60,221	50,264
Income tax payable	1,444	1,238
	61,665	51,502

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

	2016 \$'000	2015 \$'000
Current	13,016	7,892
Non-current	59,464	31,059
	72,480	38,951

The Group's interest rate on outstanding loans is calculated based on BKBM plus a margin. The current interest rate is between 3.43% and 4.39% (2015: 5.30% - 6.08%). A 0.5% increase/decrease in the effective interest rate would result in a decrease/increase in after tax profit of \$294,000 or (\$294,000).

Green Cross Health Limited and all its wholly owned subsidiaries along with Green Cross Health Medical Limited and its wholly owned subsidiaries provided cross guarantees in favour of ANZ Bank New Zealand Limited (ANZNB) covering all loans held by these companies. Loans within partnership subsidiaries are covered by a GSA agreements over the individual store.

Security has also been provided by Green Cross Health Limited in favour of Westpac Banking Corporation in relation to one pharmacy.

Included in the non current borrowings is a vendor put liability in relation to the acquisition of Peak Primary Limited. The vendor put liability is carried at fair value through profit and loss. The fair value is calculated based on a discounted cash flow valuation model which considers the present value of the expected payment of \$5,677,000 (2015: \$7,718,000) discounted using a risk-adjusted discount rate of 7.0% (2015: 7.0%). The expected payment is calculated using the Group's approved business plans for the 2017 financial year and represents management's estimate of the most likely scenario on expiry of the put option in December 2017. During the year, the fair value of the vendor put liability has been reduced by \$1,689,000 – refer note 7.

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

	2016	2015
	\$'000	\$'000
Profit after tax for the year	21,048	18,890
Add/(deduct) non-cash items:		
Depreciation and amortisation	5,580	4,499
Change in fair value of vendor put option	(1,689)	-
Other non-cash items	(423)	(793)
Add/(deduct) changes in working capital items:		
Receivables and accruals	(10,623)	(1,060)
Inventory	(2,985)	(771)
Payables and accruals	7,516	778
Net cash inflow from operating activities	18,424	21,543

19. Shares on issue

	2016	2015
	'000	'000
Shares authorised and on issue		
Opening number of shares	134,388	130,740
Shares issued - fully paid	2,596	3,498
Shares issued - partly paid	300	150
	137,284	134,388
Shares held as treasury stock	(617)	(500)
	136,667	133,888

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 with exception of the vendor put liability, which is measured at fair value through profit and loss.

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
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
Not past due	27,326	-	19,544	-
Past due 0-30 days	1,913	-	1,027	-
Past due 31-120 days	2,765	-	548	(42)
Past due more than 120 days	2,714	(454)	2,021	(404)
Total	34,718	(454)	23,140	(446)

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:

	2016				
	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
Borrowings	72,480	77,942	15,364	31,831	30,747
Trade and other payables	46,428	46,428	46,428	-	-
Total non-derivative liabilities	118,908	124,370	61,792	31,831	30,747
	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	80,507	47,549	12,436	20,522

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 payables, closely approximate their fair values as at 31 March 2016 and 31 March 2015.

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Equity earnings from associates	879	1,004	-	-
Franchise fees and on-charged costs with equity accounted investments	47	34	5	1
Management service charges to equity accounted investments	1,753	1,382	192	146
Total owing from equity accounted investments			197	147
Receivable from other related parties			2,015	1,452
Payable to non-controlling interests (note 16)			3,003	2,977

Key management personnel remuneration

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

	2016 \$'000	2015 \$'000
Short-term employee benefits	2,068	1,744
Share vesting costs	120	76
	2,188	1,820

22. Non-cancellable operating leases

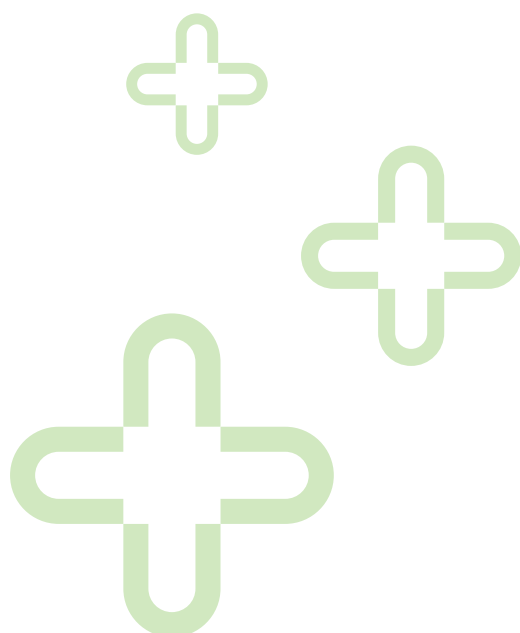
	2016 \$'000	2015 \$'000
Non-cancellable operating leases		
Due within one year	21,558	15,364
Due between one and five years	53,664	33,289
Due after five years	8,470	4,985
	83,692	53,638

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 2016, the Group had the following share-based payment arrangements:

Redeemable ordinary shares 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.

Redeemable ordinary shares granted to senior managers: 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 December 2016 and two thirds prior to 1 December 2017. In addition, a further 300,000 instruments were granted on 29 June 2015, which are exercisable over the period from 28 April 2017 to their expiry date on 28 April 2020, with no more than one third being exercisable prior to 28 April 2017 and two thirds prior to 28 April 2018.

The Redeemable Ordinary Shares (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 \$119,774 (2015: \$75,658).

(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 as follows:

	Key management		Senior management	
	2016	2015	2016	2015
Fair value at grant date	-	\$0.40	\$0.52	-
Share price at grant date	-	\$1.72	\$2.37	-
Exercise price	-	\$1.72	\$2.37	-
Expected volatility	-	30%	30%	-
Expected life	-	3 years	3 years	-
Expected dividends	-	0.1%	0.1%	-
Risk-free rate	-	3.5%	2.8%	-

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 2016 '000	Weighted average exercise price 2016	Number of instruments 2015 '000	Weighted average exercise price 2015
Outstanding at 1 April	500	\$1.29	517	\$0.97
Exercised during the year	(183)	\$0.96	(167)	\$0.70
Granted during the year	300	\$2.37	150	\$1.72
Outstanding at 31 March	617	\$1.91	500	\$1.29
Exercisable at 31 March	-	n/a	-	n/a

Instruments outstanding at 31 March 2016 had exercise prices of \$1.25 - \$2.37 (2015: \$0.70 - \$1.72) and a weighted average contractual life of 4.1 years (2015: 4.5 years). The weighted average share price at the date of exercise for ROS during the year was \$1.91 (2015: \$1.60).

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 24 May 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 financial statements in respect to this event.



life
Pharmacy



Board of Directors

As at 31 March 2016

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.

Tony Edwards, Independent Director

Dr Tony Edwards is a founding director and shareholder of The Doctors Group, which originated in Napier in 1989. The Doctors Group became part of Radius Medical in 2005, which was in turn acquired by Green Cross Health (then Pharmacybrands) in 2011. The Doctors is the primary brand of medical centres for Green Cross Health Medical.

Tony has been a board member of Medical Centres within the group since 1989. He is currently chairman of Te Matau a Maui Health Trust which is the owner of Health Hawke's Bay Limited. He continues in his part time integrative Medical Practice at The Doctors Napier, where he is also the Managing Director.

Dame Margaret Millard, Independent Director

Dame Margaret Millard runs a farm in partnership with her husband and is currently the chairman of 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 chairman of the Manawatu Rangitikei Rural Family Support Trust. Dame Margaret was on the Nursing Council of NZ for eight 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. Ken 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.

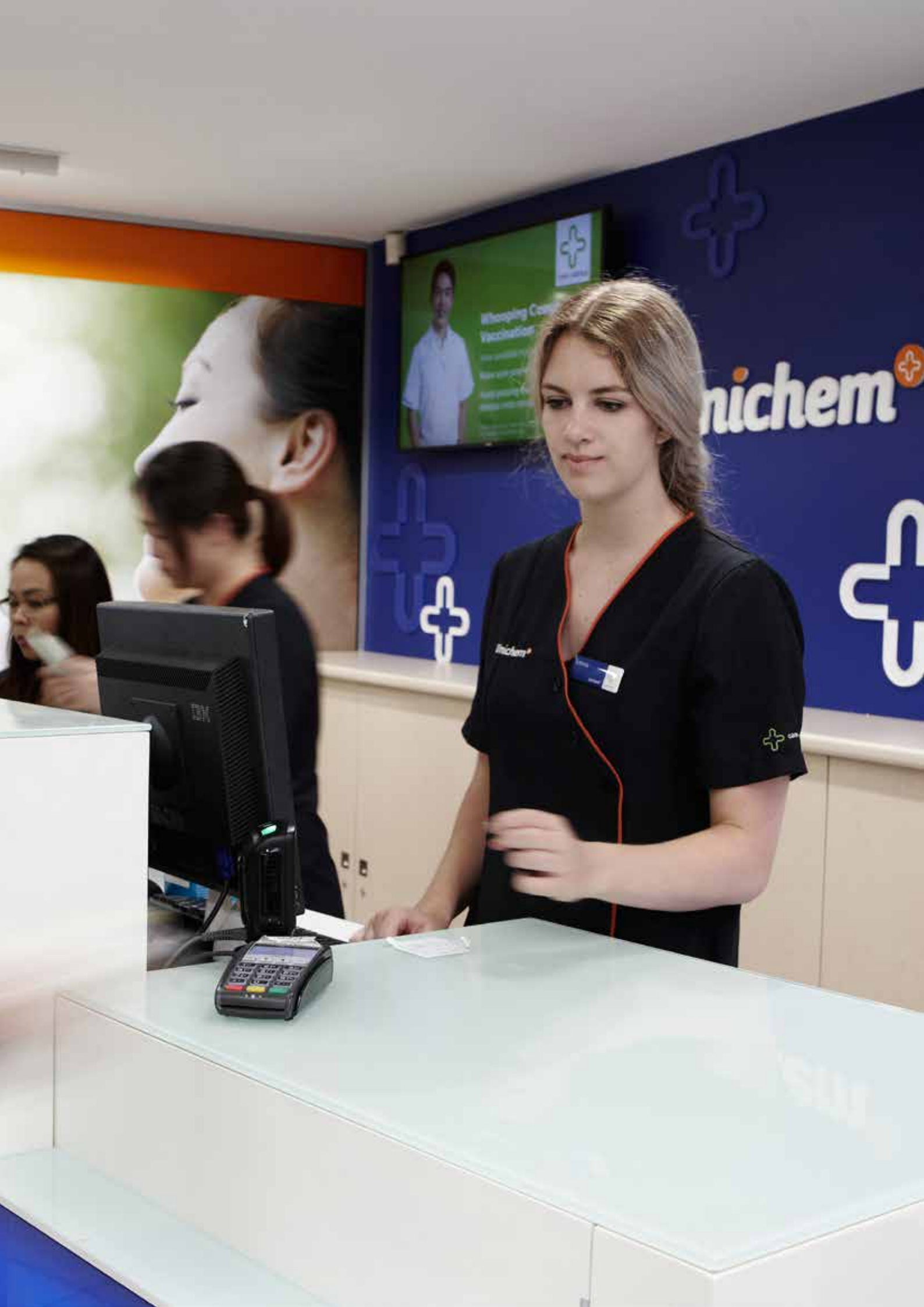
Ken joined the Board in September 2009 as an alternate director and was appointed as an Independent Director of the Company in March 2012.

Keith Rushbrook, Independent Director

Keith Rushbrook is a retired partner of the international accounting firm KPMG.

Keith is a Fellow Member of the 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 Events Limited, KC Securities Limited, and Putakeest Coast Limited. He is also Chairman of the Advisory Board of Development West Coast.



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Corporate governance

For the year ended 31 March 2016

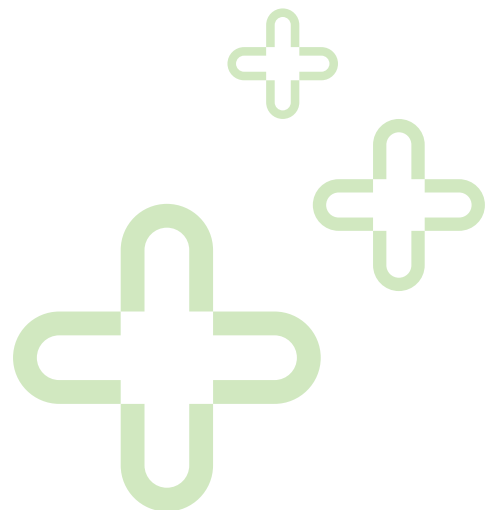
Role of the Board of Directors

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 Pharmacy and Medical, and the CEO Community Health are appointed by the Board, and have delegated authority for the day-to-day operations of their respective divisions of Green Cross Health.

Board composure 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 and Medical, CEO Community Health, 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 2016 financial year.

Director	Meetings held	Meetings attended
John (Andrew) Bagnall ¹	9	6
John Bolland	9	9
Patrick Davies	9	7
Anthony (Tony) Edwards ²	5	5
Peter Merton	9	8
Margaret Millard	9	8
Kenneth Orr	9	8
Keith Rushbrook	9	9
Ian Sharp ³	4	3

1. *Mary-Elizabeth Tuck is the alternate to Andrew Bagnall. She has attended 3 board meetings on behalf of Andrew Bagnall*

2. *Tony Edwards was appointed as a director on 28 August 2015*

3. *Ian Sharp retired as a director on 28 July 2015*

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 Green Cross Health must formerly 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 Green Cross Health 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 Pharmacy and Medical and the CEO Community Health 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, Ken Orr 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 Pharmacy and Medical, CEO Community Health 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. Its responsibilities include:

- To review the scope and outcome of the external audit.
- To review the annual and half yearly financial statements prior to approval by the Board.
- To approve the public releases of financial information.
- To assess the performance of financial management and monitoring of material corporate risk assessments and internal controls.
- To report the proceedings of each meeting to the Board.
- To 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), Ken Orr and John Bolland.

Directors	Meetings held	Meetings attended
John Bolland	3	3
Keith Rushbrook	3	3
Ian Sharp	1	-
Ken Orr	2	2

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 Pharmacy and Medical, CEO Community Health and the CFO attend as ex-officio members.

The Committee meets a minimum of four times each year. Its responsibilities include:

- To review potential acquisitions proposals and make recommendations to the Board.
- To review the Groups annual budgets.
- To review capex proposals and make recommendations to the Board.
- To report the proceedings of each meeting to the Board.

The current composition of the committee is Keith Rushbrook (Chairman), Peter Merton, Ken Orr 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 Pharmacy and Medical, CEO Community Health and CFO attend as ex-officio members.

The Committee meets a minimum of twice each year. Its 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.
- To 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.
- To review and appraise Health and Safety audit reports.
- To 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.
- To review incident investigations from significant Health and Safety events.

The current composition of the committee is Ken 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 Pharmacy and Medical and CEO Community Health.

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

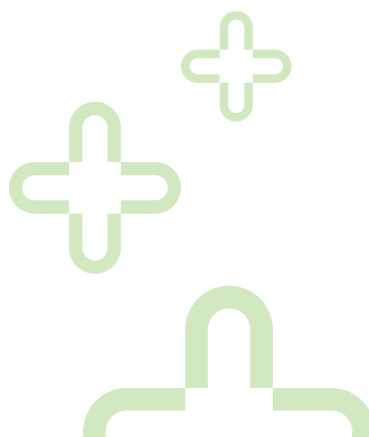
Gender and diversity

The following table set out a quantitative breakdown of the gender balance of the Directors and key personnel of the Group.

As at 31 March 2016	Directors		Key management personnel	
Female	1	13%	-	0%
Male ¹	7	87%	3	100%
Total	8		3	
As at 31 March 2015				
Female	1	13%	-	0%
Male ¹	7	87%	3	100%
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 2016 and three board meetings as Mr Bagnall's alternate in the 12 months ended 31 March 2015.

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





Statutory information

For the year ended 31 March 2016

The total annual Directors' remuneration approved for each financial year is capped at \$500,000 (from 1 August 2015). 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^			35,000
John Bolland *+#			35,000
Patrick Davies			35,000
Anthony (Tony) Edwards	28 August 2015		35,000
Peter Merton +#			85,000
Margaret Millard			51,667
Kenneth Orr *+#¥^			51,667
Keith Rushbrook *¥+#			65,833
Ian Sharp *¥+#		28 July 2015	13,332
Total			407,499

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 and 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 2016 is set out below:

Employee annual remuneration bands:	2016	2015
\$100,000 - \$109,999	23	12
\$110,000 - \$119,999	14	6
\$120,000 - \$129,999	9	1
\$130,000 - \$139,999	6	6
\$140,000 - \$149,999	8	8
\$150,000 - \$159,999	9	3
\$160,000 - \$169,999	7	2
\$170,000 - \$179,999	4	-
\$180,000 - \$189,999	6	3
\$190,000 - \$199,999	9	3
\$200,000 - \$209,999	10	1
\$210,000 - \$219,000	8	-
\$220,000 - \$229,999	3	-
\$230,000 - \$239,999	2	-
\$240,000 - \$249,999	2	1
\$260,000 - \$269,999	1	1
\$270,000 - \$279,999	1	-
\$280,000 - \$289,999	-	1
\$290,000 - \$299,999	1	-
\$340,000 - \$349,999	2	-
\$390,000 - \$399,999	1	1
\$570,000 - \$579,999	-	1
\$610,000 - \$619,999	1	-
Former employees included in the above bands:	4	4

Donations

The Group made donations to the value of \$20,238

Directors' shareholding and trades

The following table summarises:

- (a) the number of shares in the Company held by Directors at 31 March 2016; 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 2015	Cancelled	Issued	Net trades in the period	Holding 31 March 2016
J A Bagnall (i)	41,959,289	-	1,097,773	58,141	43,115,203
J B Bolland (ii)	41,959,289	-	1,097,773	58,141	43,115,203
P D Davies (iii)	41,933,244	-	1,097,645	57,511	43,088,400
P M Merton (iv)	41,933,244	-	1,097,645	57,511	43,088,400
K R Rushbrook (v)	39,675	-	1,087	4,000	44,762
K A Orr (vi)	550,783	-	14,402	-	565,185
A W Edwards (vii)	-	-	624	50,000	50,624

(i) J A Bagnall is a Director of LPL Trustee Limited and therefore holds a relevant interest of 43,115,203 fully paid ordinary shares in the company (shares are legally owned by LPL Trustee Limited). This includes a beneficial interest in 39,757,646 ordinary shares. Received a beneficial interest in 31,340 fully paid ordinary shares on 4 June 2015 (shares purchased by LPL Trustee Limited for \$78,350) to return to percentage of shareholding held of 31.34% prior to the issue of shares to employees. Received beneficial interest in 566,110 fully paid ordinary shares (shares acquired by LPL Trustee Limited for \$1,366,590) on reinvestment of dividend under the DRP of the Company on 19 June 2015. Received a beneficial interest in 454 fully paid ordinary shares on 22 June 2015 (shares purchased by LPL Trustee Limited for \$1,096). Received a beneficial interest in 15,724 fully paid ordinary shares on 12 October 2015 (shares purchased by LPL Trustee Limited for \$39,782) to return to percentage of shareholding held of 31.45% prior to the issue of shares to employees. Received a beneficial interest in 10,483 fully paid ordinary shares on 2 December 2015 (shares purchased by LPL Trustee Limited for \$27,990) to return to percentage of shareholding held of 31.45% prior to the issue of shares to employees. Received beneficial interest in 531,663 fully paid ordinary shares (shares acquired by LPL Trustee Limited for \$1,386,577) on reinvestment of dividend under the DRP of the Company on 18 December 2015. Received a beneficial interest in 140 fully paid ordinary shares on 21 December 2015 (shares purchased by LPL Trustee Limited for \$365).

(ii) J B Bolland was appointed Director of LPL Trustee Limited on 10 June 2013 and therefore holds a relevant interest in 43,115,203 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 31,340 fully paid ordinary shares on 4 June 2015 (shares purchased by LPL Trustee Limited for \$78,350) to return to percentage of shareholding held of 31.34% prior to the issue of shares to employees. Received beneficial interest in 566,110 fully paid ordinary shares (shares acquired by LPL Trustee Limited for \$1,366,590) on reinvestment of dividend under the DRP of the Company on 19 June 2015. Received a beneficial interest in 454 fully paid ordinary shares on 22 June 2015 (shares purchased by LPL Trustee Limited for \$1,096). Received a beneficial interest in 15,724 fully paid ordinary shares on 12 October 2015 (shares purchased by LPL Trustee Limited for \$39,782) to return to percentage of shareholding held of 31.45% prior to the issue of shares to employees. Received a beneficial interest in 10,483 fully paid ordinary shares on 2 December 2015 (shares purchased by LPL Trustee Limited for \$27,990) to return to percentage of shareholding held of 31.45% prior to the issue of shares to employees. Received beneficial interest in 531,663 fully paid ordinary shares (shares acquired by LPL Trustee Limited for \$1,386,577) on reinvestment of dividend under the DRP of the Company on 18 December 2015. Received a beneficial interest in 140 fully paid ordinary shares on 21 December 2015 (shares purchased by LPL Trustee Limited for \$365).

(iii) P D Davies is a Director of Cape Healthcare Limited therefore he holds a relevant interest in the 43,088,400 fully paid ordinary shares in the Company owned by Cape Healthcare Limited. Received a beneficial interest in 1,070 fully paid ordinary shares on 3 June 2015 (shares purchased by Cape Healthcare Limited for \$2,579) and a beneficial interest in 30,250 fully paid ordinary shares on 4 June 2015 (shares purchased by Cape Healthcare Limited for \$75,577) to return to percentage of shareholding held of 31.32% prior to the issue of shares to employees. Received beneficial interest in 566,182 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for \$1,366,763) on reinvestment of dividend under the DRP of the Company on 19 June 2015. Received a beneficial interest in 9,499 fully paid ordinary shares on 13 October 2015 (shares purchased by Cape Healthcare Limited for \$24,677) and a beneficial interest in 6,215 fully paid ordinary shares on 14 October 2015 (shares purchased by Cape Healthcare Limited for \$16,159) to return to percentage of shareholding held of 31.43% prior to the issue of shares to employees. Received a beneficial interest in 10,477 fully paid ordinary shares on 1 December 2015 (shares purchased by Cape Healthcare Limited for \$28,183) to return to percentage of shareholding held of 31.43% prior to the issue of shares to employees. Received beneficial interest in 531,463 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for \$1,386,056) on reinvestment of dividend under the DRP of the Company on 18 December 2015.

(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 43,088,400 fully paid ordinary shares in the Company owned by Cape Healthcare Limited. Received a beneficial interest in 1,070 fully paid ordinary shares on 3 June 2015 (shares purchased by Cape Healthcare Limited for \$2,579) and a beneficial interest in 30,250 fully paid ordinary shares on 4 June 2014 (shares purchased by Cape Healthcare Limited for \$75,577) to return to percentage of shareholding held of 31.32% prior to the issue of shares to employees. Received beneficial interest in 566,182 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for \$1,366,763) on reinvestment of dividend under the DRP of the Company on 19 June 2015. Received a beneficial interest in 9,499 fully paid ordinary shares on 13 October 2015 (shares purchased by Cape Healthcare Limited for \$24,677) and a beneficial interest in 6,215 fully paid ordinary shares on 14 October 2015 (shares purchased by Cape Healthcare Limited for \$16,159) to return to percentage of shareholding held of 31.43% prior to the issue of shares to employees. Received a beneficial interest in 10,477 fully paid ordinary shares on 1 December 2015 (shares purchased by Cape Healthcare Limited for \$28,183) to return to percentage of shareholding held of 31.43% prior to the issue of shares to employees. Received beneficial interest in 531,463 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for \$1,386,056) on reinvestment of dividend under the DRP of the Company on 18 December 2015.

(v) K R Rushbrook holds a beneficial interest of 44,762 fully paid ordinary shares in the Company (shares are legally owned by First NZ Custodians Limited). Received beneficial interest in 535 fully paid ordinary shares for \$1,291 on reinvestment of dividend under the DRP of the Company on 19 June 2015. Received a beneficial interest in 4,000 fully paid ordinary shares on 29 July 2015 (shares purchased by First NZ Custodians Limited for \$9,200). Received beneficial interest in 552 fully paid ordinary shares for \$1,440 on reinvestment of dividend under the DRP of the Company on 18 December 2015.

(vi) K A Orr holds a beneficial interest of 565,185 fully paid ordinary shares in the Company (shares are legally owned by Orrs Kaipara Pharmacies Limited and Orrs Pharmacies Limited). Received beneficial interest in 2,824 fully paid ordinary shares (shares acquired by Orrs Pharmacy for \$6,817) and 4,607 fully paid ordinary shares (shares acquired by Orrs Kaipara Pharmacies Limited for \$11,166) on reinvestment of dividend under the DRP of the Company on 19 June 2015. Received beneficial interest in 2,649 fully paid ordinary shares (shares acquired by Orrs Pharmacy for \$6,909) and 4,322 fully paid ordinary shares (shares acquired by Orrs Kaipara Pharmacies Limited for \$11,271) on reinvestment of dividend under the DRP of the Company on 18 December 2015.

(vii) A W Edwards holds a beneficial interest of 50,624 fully paid ordinary shares in the Company. Received a beneficial interest in 30,000 fully paid ordinary shares on 10 September 2015 (shares purchased for \$66,000). Received a beneficial interest in 20,000 fully paid ordinary shares on 29 September 2015 (shares purchased for \$44,000). Received beneficial interest in 624 fully paid ordinary shares for \$1,627 on reinvestment of dividend under the DRP of the Company on 18 December 2015.

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 2016:

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

John Bolland – LPL Trustee Limited (Director and Consultant), Segoura Limited (consultant), Plan B Limited (Director and Shareholder), Waiora Investments Limited (Director and Consultant), 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).

Tony Edwards – The Doctors (Napier) Limited (Shareholder and Director), The Doctors (New Lynn) Limited (Shareholder and Director), The Doctors (Mangere) Limited (Shareholder and Director) Beedre Properties Limited (Shareholder and Director), Galah Forestry Limited (Shareholder and Director), Trustee and Chairman of Te Matau a Maui Health Trust (owner of Hawkes Bay PHO), Managing Director and Employee of The Doctors (Napier) Limited.

Peter Merton – Cape Healthcare Limited (Director and Shareholder), Wool Interests NZ Limited (Director and Shareholder).

Kenneth Orr – Orrs Pharmacies Limited (Director and Shareholder), Orrs Kaipara Pharmacies Limited (Director and Shareholder), Dodds Maungaturoto Pharmacy Limited (Director and 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), Levante Karaka Limited (Director), OGL Nominees Limited (Director), Opportunities Group Limited (Director and Shareholder), Putake West Coast Partner (2015) Limited (Director).

Margaret Millard - C. Alma Baker Trust (NZ) Limited (Chairman), Eastern and Central Community Trust (Trustee), Manawatu Rangitikei Rural Family Support Trust (Chairman), and EG and 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 2016

Shares and shareholding

The Company's ordinary shares are listed on the NZX using the ticker code, GXH. As at 30 April 2016 the Company had on issue 136,667,282 equity securities (as defined by the Financial Markets Conduct Act 2013) being 136,050,615 fully paid ordinary shares, and 616,667 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 Pharmacy and Medical.

The 20 largest registered holders of quoted equity securities as at 30 April 2016 were as follows:

Name	Holding	%
LPL TRUSTEE LIMITED	43,115,203	31.55
CAPE HEALTHCARE LIMITED	43,088,400	31.53
MASSEY PHARMACY LIMITED	3,145,070	2.30
NEW ZEALAND PERMANENT TRUSTEES LIMITED - NZCSD <NZPT43>	2,155,000	1.58
FORTUNE MANNING TRUSTEE COMPANY LIMITED <JANE STEWART DUNN <M L DUNN NO3 FAMILY A/C>	1,977,145	1.45
SUPERLIFE TRUSTEE NOMINEES LIMITED <SL NZ A/C>	1,928,719	1.41
GANET INVESTMENTS LIMITED	1,681,334	1.23
HSBC NOMINEES (NEW ZEALAND LIMITED A/C STATE STREET - NZCSD <HKBN45>	1,622,058	1.19
CUSTODIAL SERVICES LIMITED <A/C 3>	1,168,436	0.85
MARK STEVEN VUKSICH & FRANCES ANN VUKSICH & WALTER MICK GEORGE YOVICH <MARK & FRANCES FAMILY A/C	1,153,303	0.84
NATIONAL NOMINEES NEW ZEALAND LIMITED NZCSD <NNLZ90>	1,023,264	0.75
THOMAS LAI & CAROLYN PAMELA LAI & KATHLEEN YEE <THOMAS & CAROLYN LAI FAMILY A/C>	994,985	0.73
FORSYTH BARR CUSTODIAN LIMITED <1-CUSTODY>	941,401	0.69
GRANT CLAYTON BAI + CHRISTINA BAI+ BARRIE MCCORMICK CAMPBELL <GRATTON WILSON A/C>	905,421	0.66
FNZ CUSTODIANS LIMITED	811,123	0.59
MATTHEW JAMES PAUL FLEET	750,000	0.55
KIM CHRISTOPHER WILKINSON & MARIE ELEANOR WILKINSON	748,880	0.55
ELIZABETH ANN MCAULAY	687,022	0.50
BRIAN PHILIP INGHAM	615,358	0.45
WATT LAND COMPANY LIMITED	570,116	0.42

Substantial security holders

As at 31 March 2016 the following persons were deemed to be substantial product holders in accordance with section 274 (1) of the Financial Markets Authority Act 2013:

Name	Holding	%
Cape Healthcare Limited	43,088,400	31.53
LPL Trustee Limited	43,115,203	31.55

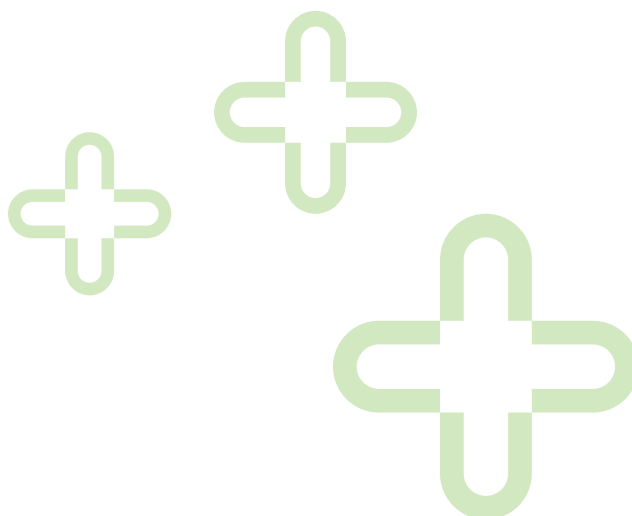
Shareholding spread

Green Cross Health Limited's shareholding spread as at 30 April 2016 is as follows:

Size of holding	Holders	%	Securities	%
1-999	263	17.4	129,695	0.09
1,000 - 9,999	829	54.8	2,630,674	1.92
10,000 - 99,999	337	22.3	10,416,532	7.62
100,000 - 499,999	62	4.1	12,025,472	8.80
500,000 - 999,999	12	0.8	8,622,322	6.31
1,000,000 and over	9	0.6	102,842,587	75.26
Total	1,512	100.0	136,667,282	100.00

Notice to shareholders

For the purposes of clause 30 of Schedule 4 of the Financial Markets Conduct Act 2013 ("FMCA"), the Company wishes to advise its shareholders that, on and from 1 December 2016, the requirements of the FMCA will apply to the Company, to the extent they did not already apply prior to that date.



Annual Report 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 2016 ("Calculation Date"):

- 1.** Under the DRP, 1,097,645 ordinary shares were allotted to CHL during the year, bringing its total shareholding in the Company to 43,088,400 or 31.53%. This percentage also represents the total shareholding of CHL and its associates.
- 2.** Under the DRP, 1,097,773 ordinary shares were allotted to LPL during the year, bringing its total shareholding in the Company to 43,115,203 or 31.55%. 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 2016 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 32.65%. 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 32.67%. 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 \$2.68 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 2016

The current Group structure comprises 123 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
Access Homehealth Limited	100.0%	Community Health
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	100.0%	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
Central Pharmacy (2015) Limited	100.0%	Non-trading
Centre City Pharmacy (2004) Limited	43.9%	Pharmacy
Chemist Express Limited	49.0%	Pharmacy
Christchurch Pharmacy (2015) Limited	49.0%	Pharmacy
Davies Corner Pharmacy Limited	25.0%	Pharmacy
Discovery Pharmacy (2016) Limited	100.0%	Non-trading
Dispensaryfirst Limited	100.0%	Non-trading
Endeavour Pharmacy (2016) Limited	100.0%	Non-trading
Fred Thomas Pharmacy (2015) Limited	49.0%	Pharmacy
Gascoigne Medical Services Limited	59.7%	Medical centre
Glenfield Mall Pharmacy Limited	48.5%	Pharmacy
Green Cross Health Direct Limited	100.0%	Non-trading
Green Cross Health Medical Limited	100.0%	Investment
Green Cross Health Medical Solutions Limited	100.0%	Services to medical centres
Green Cross Health Primary Limited	100.0%	Medical centre
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

Controlled entities	Holding	Activity
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
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
Manners Pharmacy (2016) Limited	49.0%	Non-trading
Manukau Pharmacy (2011) Limited	49.1%	Pharmacy
Moorhouse Pharmacy 2003 Limited	25.0%	Pharmacy
Motueka Medical (2013) Limited	74.8%	Medical centre
New Lynn Pharmacy (2015) Limited	48.8%	Pharmacy
New Plymouth (2015) Limited	48.5%	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%	Non-trading
Pharmacy 277 Limited	49.1%	Pharmacy
Pharmacy B102 Limited	49.0%	Pharmacy
Pharmacy G101 Limited	49.0%	Pharmacy
Pharmacy J104 Limited	49.0%	Pharmacy
Pharmacy K103 Limited	49.0%	Pharmacy
Pharmacy L105 Limited	49.0%	Pharmacy
Pharmacy N106 Limited	49.0%	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

Controlled entities	Holding	Activity
Queen Street Pharmacy (2015) Limited	49.0%	Pharmacy
Radius Medical Limited	100.0%	Non-trading
Radius Medical Solutions Limited	100.0%	Non-trading
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
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 Jame Pharmacy (2015) 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
The Doctors (Hastings) Limited	59.7%	Medical centre
The Doctors (Huapai) Limited	100.0%	Medical centre
Total Care Health Services Limited	100.0%	Community Health
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
Wellington Pharmacy (2016) Limited	49.0%	Pharmacy
Willis Street Pharmacy Limited	25.0%	Pharmacy

Controlled entities	Holding	Activity
Joint Venture entities		
Pharmacies Instore Limited	50.0%	Retail
Green Cross Health Workplace 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 (Mangere) Limited	25.1%	Medical centre
The Doctors (Massey Medical) 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 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

Websites

www.greencrosshealth.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

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 support,
care and advice to
New Zealand
communities**