



GREEN CROSS HEALTH

ANNUAL REPORT **2014**



TABLE OF CONTENTS

Who we are	04
Financial summary	06
Chairman's report	09
Board of directors	13
Management profiles	16
Corporate governance	18
Statutory information	24
Shareholder information	30
Directors' declaration	35
Independent auditor's report	36
Group financial statements	38
Notes to the financial statements	48
Group entities	81
Company directory	86

WHO WE ARE

Green Cross Health: An Introduction

On 1 April 2014, Pharmacybrands was renamed Green Cross Health to more accurately reflect the full extent of health services which make up our business.

Green Cross Health supports a network of around 300 pharmacies, 34 medical centres and providers of community nursing services. Our group is dedicated to the health and wellness of New Zealanders, offering care and advice through our consumer brands: Unichem, Life Pharmacy, The Doctors, Radius Medical and Total Care Health Services.

We are passionately committed to owning the health and wellness conversation with our communities.

Every day, the length and breadth of New Zealand, trusted Green Cross Health professionals offer care and advice to people in their local communities.

These conversations take place in pharmacies, in medical centres and at home. They happen face to face, on the phone and via social media.

Our vision is to be a leading primary health care company; to position ourselves at the heart of community health and wellbeing; to be the experts New Zealanders seek wellness solutions from; and the people who will listen and advise.

Why Green Cross Health?

A green cross has been used to represent health and medical professionals for hundreds of years. An early symbol for medical and apothecary merchants was a serpent wrapped around the jade hilt of a sword and around 900 years ago, the emblem was used in Greece by the Hospitalliers of St Lazarus.

Today a green cross in Europe and the US is recognised as a place to find health care and advice.

We are proud to draw on this legacy for both our company name and the icon we use to identify our services. Looking forward, we hope to give it fresh meaning in New Zealand and to develop a quality mark which people will trust to help them manage their healthcare needs.

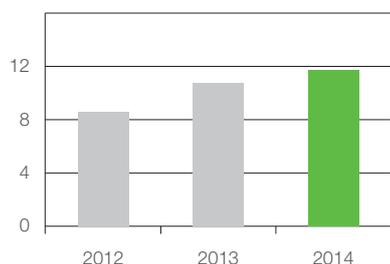


FINANCIAL SUMMARY

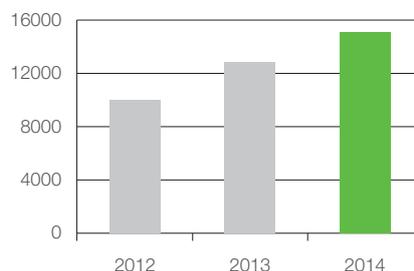
You will notice that our numbers look a little different. That's because the accounting rules have changed and we now consolidate more of our pharmacy stores – but nothing has changed in how we work with our store partners, just how we present the store results. Our profit after tax now includes 100% of the earnings of most of our stores and our partner's share is called non-controlling interest as you will see below.

	2014 \$'000	2013 \$'000
We generate revenue from three main sources:		
Consolidated store sales	223,884	221,716
Medical centre sales	9,536	5,707
Services provided to stores and medical centres	24,529	21,049
Our costs to operate are primarily:		
Lease expense	12,951	12,912
Wages and salaries	54,395	50,968
Depreciation and amortization	3,975	4,011
Other costs (marketing, governance, communications etc)	14,536	13,517
After all income and expenses we earned:		
Profit before tax	26,414	22,640
Tax expense	(7,582)	(6,069)
Profit after tax	18,832	16,571
Non-controlling interest	(3,798)	(3,562)
Profit after tax attributable to the shareholders of the Parent	15,034	13,009

Basic earnings per share

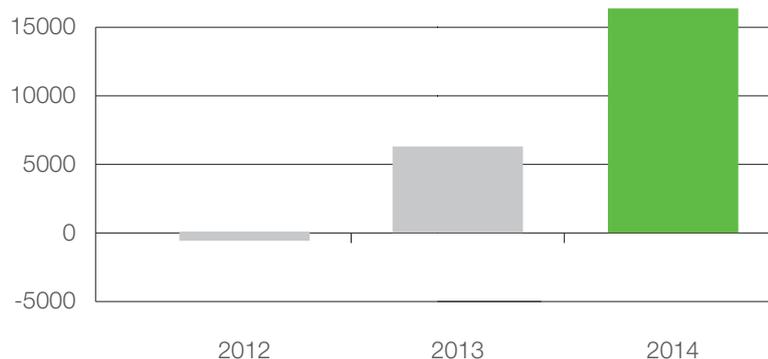


NPAT (Attributable to the shareholders of the Parent.)

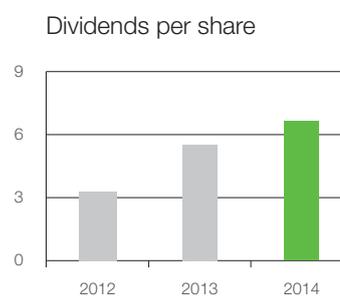
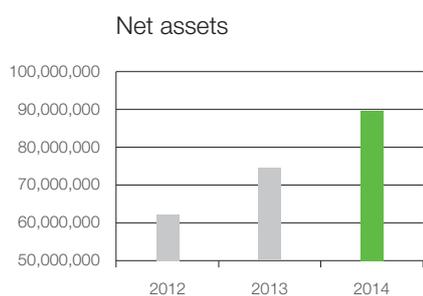


	2014	2013
	\$'000	\$'000
What happened to the profit and where did the cash go?		
We started the year with a bank balance of	19,827	12,822
Our profit after tax (and after adjusting for non-cash items) was	22,624	20,034
We bought interests in various businesses	(6,981)	(8,574)
We bought some fixed assets	(3,234)	(2,876)
Sale of investments	955	434
Our bank borrowings decreased by	(3,784)	(272)
We raised some additional equity	987	309
We paid dividends to our shareholders	(2,878)	(2,141)
We paid dividends to our minority partners	(2,864)	(3,124)
Our working capital decreased by	622	3,215
We ended the year with a bank balance of	25,274	19,827

Net cash (Net cash represents bank balances less borrowings.)



	As at March 14 \$'000	As at March 13 \$'000
What does our balance sheet show?		
We have total assets of	134,460	123,349
We have total liabilities of	(45,045)	(48,460)
Our equity is	89,415	74,889
Which represents a net asset value for each share of (cents)	68.7	60.1



Green Cross Health supports more than 300 pharmacies and 34 medical centres around the country. Together we make up one of the largest retail groups in New Zealand, dedicated to our communities' health and wellness.

CHAIRMAN'S REPORT

For the year ended March 2014

Green Cross Health has again delivered very pleasing results for the latest financial year. The 15.6% growth in our net profit after tax was achieved through improved performance of all business units together with contributions from new pharmacy and medical acquisitions.

The financial position of the Group is strong with a net cash position of \$16 million and cash generation from operations during the year of \$23.2 million. We have spent \$7 million on acquisitions and \$3.2 million on capital items.

Details of the financial performance are included elsewhere in the report so rather than restating those, I would like to recap some of our other activities and priorities for the near term.

Corporate

We changed our corporate name from Pharmacybrands to Green Cross Health to better reflect the greater diversity of the Group and to signal that we see ourselves as a primary healthcare company rather than strictly a pharmacy company. In time we would like Green Cross Health to be recognised as a quality mark that healthcare consumers recognise as one that they can trust to help them manage their health. As the world changes so does the healthcare environment. We believe the silo approach to care and funding in primary care is approaching its use by date. By having a range of services that span primary care, we can look to develop offerings that ensure that the patient is at the centre of a coordinated care approach and receives an improved and more cost effective outcome.

Pharmacy

We have rationalised our pharmacy brands from five to two, with Life and Unichem continuing. In conjunction with the branding change, we have revamped and re-launched our consumer loyalty program called Living Rewards. We have also reorganised our operations team to focus on delivering an improved in-store experience. We are confident that the outcome of these changes will be increased retail sales in our pharmacies through:

- An increased cosmetic and lifestyle offering from those pharmacies that convert to the Life brand
- An increased basket size of sales from an increased focus on our loyal customers
- The addition of new and enlarged product categories.

The initial results from these changes have been very positive and we are optimistic that the benefits will continue to flow. In the future, we envisage the Living Brand rewards program applying across all our business units. Planning for this is in its early stages, and whilst there may be some challenges, we foresee some unique positive benefits from providing a "health card" to patients.



Medical

Our medical business continues to grow through equity acquisitions and by focusing on expanding our brand, “The Doctors”, across the medical business. The contribution of our medical business to the Group is now substantial. We are confident that the platform that we have established will create further opportunities for growth.

Community health services

In March we announced our investment in Total Care Health Services, a business offering predominantly nursing services to a mixture of private and government funded clients in the community. We have signalled previously that this was a sector of the healthcare market we wished to invest in and are pleased to have made our first move here. We intend to invest in further acquisition opportunities in this sector in addition to organic growth. We are also investigating opportunities for synergies that we are confident will be achievable across our pharmacy and medical businesses.

Operation achievements:

- Medical patient growth of 26.2% to 188,331 patients
- New medical centres using our service offerings increased by 7
- New medical centre equity investments increased by 3
- Pharmacy initial prescriptions have grown by 3.1% ahead of the market
- Total pharmacy sales grew by 2.4% (excluding stores divested)
- New pharmacy equity investments have increased by 2 and 2 further acquisitions occurred post balance date
- Vaccines administered through our pharmacies have tripled.

Operational focus areas for the next year include:

- Expansion of “The Doctors” medical brand
- Growth in the community healthcare space
- Increasing the number of pharmacy licensees
- Retail same store growth in pharmacy
- Expansion of pharmacy categories
- Pharmacy and medical centre equity investments.

We are passionately committed to owning the health and wellness conversation with our communities.

Much of the activity over the last 12 months has been geared around structuring the business for future growth. On the pharmacy side, we needed to complete the consolidation of previous mergers and structure the organisation so we could deliver improved sales and service offerings. This emphasis on structure has now changed and already sales results are increasing and the anecdotal feedback on our branding and loyalty changes have been positive.

Dividend

The Directors of your Company resolved on 27 May to pay a cash dividend of 3.5 cents per share fully imputed to 28% to shareholders on the register as at 5pm on 11 June 2014. The dividend will be paid on 23 June 2014. The dividend reinvestment plan continues to operate and it is pleasing to see the significant number of shareholders who are participants in this plan.

The Company has accumulated reasonable cash resources to enable it to move quickly as opportunities arise to invest in new businesses. We will continue to invest in primary health, but only in appropriate investments and acquisitions that enhance our position in that space.

Looking forward

We have a new name, a new head of pharmacy and a desire to turn Green Cross Health into a genuine primary healthcare brand. Our first step into community healthcare has been achieved and our medical business continues to grow both in size and reputation. Most of the building blocks have been put in place to enable more rapid growth. Funds have been earmarked to add resource to fast track this future growth, and to begin to examine how each business unit can offer synergies to the other parts of the business.

None of this can happen without implementation at the patient interaction end. Our thanks go out to all the staff in the medical centres, pharmacies, community health care settings and support office for their application and dedication.

I would also like to thank the board for their efforts, support and guidance and I would like to make particular mention of Mark Vuksich, who has been involved in the business since the late 1970's as a founding director of Unichem Chemists. Mark has decided to retire and the business will miss his guidance and counsel, but he leaves knowing that the vision he had all those years ago is well on the way to being achieved. His ability to focus on the bigger picture and determination to see things through is his legacy to Green Cross Health.



BOARD OF DIRECTORS

For the year ended 31 March 2014

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 the Amcal and Unichem brands merged to form Pharmacybrands Limited approximately 11 years ago.

Following the merger of Life Pharmacy Limited (LPL) with Pharmacybrands Limited in 2009, Peter assumed the role of Chairman of the Group (now referred to as the Green Cross Health Group). He is also a significant shareholder in Green Cross Health through his interest in Cape Healthcare Limited.

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

Andrew Bagnall

Non-Executive Director

Andrew Bagnall holds a Commerce Degree from Otago University and a MBA from Michigan State University. Andrew was a significant investor in Life Pharmacy Limited and following the merger with Pharmacybrands Limited has continued to hold a significant shareholding in the merged entity - Green Cross Health. In Mr Bagnall'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 New Zealand and Australian stock exchanges and was 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. He also 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 degree 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 20 years having held senior roles across many industry sectors including pharmacy, primary care, pharmaceutical and consumer products. In January 2006, Patrick was appointed to his current position of Chief Executive Officer of Symbion, a company that has leading positions in various healthcare market segments in Australia with a long heritage in the pharmacy industry in particular.

Ken Orr

Independent Director

Ken Orr has had over 25 years as a community pharmacist and is currently a partner in a group of pharmacies in Northland. Mr Orr has been a director of Manaia PHO since its formation in 2003 and is currently the Vice 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 in March 2012.



Keith Rushbrook

Independent Director

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

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

He was until recently Acting Chief Executive of Baptist Action, a large social service agency, and is a director of a number of companies including; Austins Food Design Events, NZ Waterways Restoration, Levante Karaka, Levante Holdings, NZ Foundation Nominees, OGL Nominees, Opportunities Group, and the Corporate Trust Committee of Foundation Corporate Trust. He is also Chairman of the Advisory Board of Development West Coast.

Ian Sharp

Independent Director

Ian Sharp is a director and shareholder of CHB Apothecary Limited which operates Unichem Pharmacy, Waipukurau. Ian has been a qualified pharmacist for 37 years and a pharmacy owner for 34 years, during which time he has seen the amalgamation of two pharmacies into his current business. Ian is a trustee of the CHB Mayoral Health Taskforce. Ian has been a member of the Board since the merger of Life Pharmacy and Pharmacybrands Limited in 2009, and prior to that, was a member of Pharmacybrands' Board from 2004. Ian is also a CHB District Councillor.

Mark Vuksich

Non-Executive Director

Mark Vuksich has been a registered pharmacist for 52 years and is a shareholder and director of the pharmacy company that operates Life Pharmacy St Lukes and Unichem St Lukes. Mark was Chairman of the former Life Pharmacy Limited (LPL) and was a founding member of LPL involved in the creation of the Life Pharmacy brand. Prior to this, he was a founding member and General Manager of Unichem Chemists Limited (later renamed Pharmacybrands Limited) and Chairman of the Unichem Board for 12 years. Mark will retire from the Board at the conclusion of the 2014 annual meeting.

MANAGEMENT PROFILES



Grant Bai

CEO, Green Cross Health - Pharmacy

Grant qualified as a pharmacist in 1988 in Wellington and began a retail career on the Hibiscus Coast. Grant moved to the UK in 1991 where he was employed in the pharmacy industry and also completed post graduate qualifications. On returning to New Zealand he owned and operated three large retail format pharmacies, a medical centre pharmacy and photographic stores. Having sold these business interests, Grant started with Pharmacybrands in 2007 in a business development and acquisition role and has been in his current role of Chief Executive Officer - Pharmacy since 2013.

Grant is a member of the Pharmaceutical Society, an associate of the New Zealand College of Pharmacists and is a board member for the Pharmacy Guild of New Zealand.



Adri Isbister

CEO, Radius Medical Group

Adri is an award-winning CEO with a strong background in the health and disability sector. Her professional experience includes both the public sector and NGO positions as well as owning her own business. Adri has a counselling background and her qualifications include a Diploma in Business. In 2007, she achieved an executive MBA from Massey University. Adri is currently a director of the primary health organisation Health Hawkes Bay, is chairperson of the Alliance Leadership Team Hawkes Bay, and also serves on the boards of several practice companies in the Radius Medical Group. Before joining Radius Medical in October 2010, Adri was CEO of LIFE Unlimited, the disability NGO, leading its growth during her 14 year tenure from a regional charity to a national provider holding significant government contracts.

Justin Fogarty

Executive - Commercial

Justin, a management graduate of the Waikato University, has been involved in the pharmaceutical industry since 1998, beginning his career at Roche Pharmaceuticals. Between 2002-2011 Justin was involved in establishing the Radius Pharmacy Group. His roles within the business included General Manager, CFO and various directorships. Following the sale of Radius Pharmacy Justin joined the management of Green Cross Health initially to assist with the integration of the Radius pharmacy business into the wider group. Justin's current role as Executive-Commercial involves identifying suitable pharmacies and partnerships for acquisition.

Alison Van Wyk

Head of Professional Services

Alison joined the Green Cross Health business in October 2010. She has a nursing background and possesses sales and marketing experience in both the pharmaceutical and medical device markets both in New Zealand and internationally. She also has 8 years experience in the New Zealand pharmaceutical and medical logistics industry. Alison's focus is to drive new models of care for the pharmacy business coupled with medicine reclassification. She has a passion for working with pharmacies and developing systems and services that compliment the work that they already do, further enhancing the customer experience within community pharmacies.

Jason Reeves

Head of Operations

Jason joined the Green Cross Health business in June 2004. Jason has worked in retail for over 20 years in a number of senior retail operations and merchandise positions. Previously with Exxon Mobil, Jason led the rollout of the "On The Run" Convenience retail offerings in the New Zealand market. Jason has led the Green Cross Health operations team through the successful integration of both the Life Pharmacy and Radius Pharmacy groups into the Green Cross Health Group.

David Audley

Executive – Marketing and Merchandising

David, a geography graduate from Staffordshire University, joined Green Cross Health in April 2014. Having led the Asia Pacific consulting arm of Experian - a global information solutions provider - David is a fully qualified IT professional specialising in marketing systems. He brings to Green Cross Health a wealth of experience gathered from working with international clients and in a variety of business verticals. Prior to this David worked as an IT systems manager in the UK financial services sector and also ran an independent trade union for a regional building society.

CORPORATE GOVERNANCE

For the year ended 31 March 2014

Role of the Board of Directors

Green Cross Health's 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 Chief Executive Officer, Green Cross Health - Pharmacy and the Chief Executive Officer, Radius Medical (CEOs) are appointed by the Board, and have delegated authority for the day-to-day operations of their respective Divisions.

Board composition and structure

The Board comprises three independent directors and five 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 Main Board 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 CEOs, Chief Financial Officer (CFO) and key senior managers attend appropriate sections of the Board meetings.

Board meetings

The following table outlines the number of Board meetings attended by the Directors during the course of the 2014 financial year.

Directors	Meeting Held	Meetings Attended
John (Andrew) Bagnall ¹	9	9
John Bolland	9	8
Patrick Davies	9	8
Peter Merton	9	9
Kenneth Orr	9	9
Keith Rushbrook	9	8
Ian Sharp	9	8
Mark Vuksich ²	9	-

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

² Mark Vuksich has been on leave of absence due to ill health



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 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 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 formally apply for consent to trade the Company's securities from the Chief Financial Officer 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, Green Cross Health - Pharmacy and the CEO, Radius Medical and to approve the remuneration of each of the CEO's direct reports
- Make recommendations to shareholders for non-executive and independent director remuneration
- Recommend director appointments.

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

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

Audit Committee

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

The CEO, Green Cross Health - Pharmacy and the CFO attend as ex-officio members and by invitation of the Chairman, external auditors. 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 four 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), Ian Sharp and John Bolland.

Directors	Meeting held	Meetings attended
John Bolland	8	7
Keith Rushbrook	8	8
Ian Sharp	8	6

Finance Committee

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

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

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

- To review potential acquisition proposals and make recommendations to the Board
- To review the Group's 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, Ian Sharp and John Bolland.

Directors	Meeting held	Meetings attended
John Bolland	8	7
Peter Merton	8	8
Keith Rushbrook	8	8
Ian Sharp	8	6

Health & Safety Committee

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

The CEO, Green Cross Health - Pharmacy, CEO, Radius Medical and the 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
- Review and appraise Health and Safety audit reports

- Provide an open avenue of communication about the external Health and Safety policies and guidelines, and the policies and guidelines of the Company's businesses
- Review incident investigations from significant Health and Safety events.

The current composition of the Committee is Ken Orr (Chairman) and Andrew Bagnall.

Directors	Meeting held	Meetings attended
Ken Orr	1	1
Andrew Bagnall ¹	1	1

¹ Mary-Elizabeth Tuck is the alternate to Andrew Bagnall. She has attended 1 Health & Safety committee meeting on behalf of Andrew Bagnall.

Independent Directors' Committee

This 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.

Organisational structure and financial control

The Board has delegated to the executive management team the management responsibilities of the Company. The executive management team comprises the CEO, Green Cross Health - Pharmacy, CFO, CEO, Radius Medical Group, Executive – Commercial, Head of Operations, Head of Professional Services and the Executive – Marketing and Merchandising.

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

Gender and diversity

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

As at 31 March 2014	Directors		Key management personnel	
Female	-	0%	2	29%
Male ¹	8	100%	5	71%
Total	8		7	

As at 31 March 2013	Directors		Key management personnel	
Female	-	0%	3	43%
Male ¹	8	100%	4	57%
Total	8		7	

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 2014 and three board meetings as Mr Bagnall's alternate in the 12 months ended 31 March 2013.

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

STATUTORY INFORMATION

For the year ended 31 March 2014

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

Director	Total Fees
John (Andrew) Bagnall ^{1^}	30,000
John Bolland ^{*+#}	30,000
Patrick Davies	30,000
Peter Merton ^{+ #}	80,000
Kenneth Orr ^{¥^}	35,000
Keith Rushbrook ^{*¥+#}	55,000
Ian Sharp ^{*¥+#}	35,000
Mark Vuksich	35,000
Total	330,000

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.

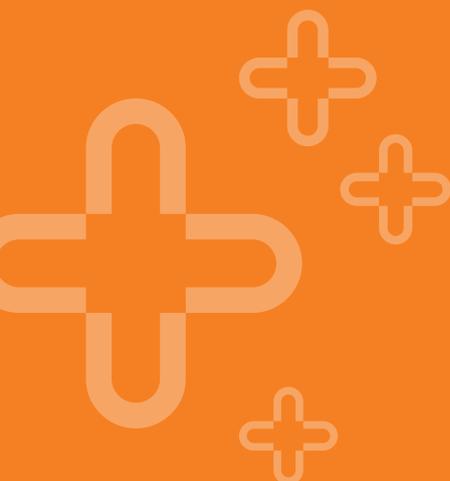
* = Audit committee member

+ = Remuneration and Nominations committee member

= Finance committee member

¥ = Independent Directors' committee member

^ = Health & Safety committee member



Employee remuneration

The number of employees or former employees of the Group, not being directors of Green Cross Health Limited, who received remuneration and other benefits in their capacity as employees, the value of which exceeded \$100,000 for the year ended 31 March 2014 is set out below:

	2014	2013
Employee annual remuneration bands		
\$100,000 - \$109,999	7	11
\$110,000 - \$119,999	6	5
\$120,000 - \$129,999	4	6
\$130,000 - \$139,999	3	2
\$140,000 - \$149,999	5	4
\$150,000 - \$159,999	3	3
\$170,000 - \$179,999	3	2
\$180,000 - \$189,999	2	1
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	-
\$220,000 - \$229,000	-	1
\$230,000 - \$239,000	2	-
\$240,000 - \$249,999	1	2
\$300,000 - \$309,999	-	1
\$320,000 - \$329,999	1	-
\$340,000 - \$349,999	-	1
\$440,000 - \$449,999	-	2
\$500,000 - \$509,999	1	-
\$700,000 - \$709,999	1	-
Former employees included in the above bands	6	4

Donations

The Group made donations to the value of \$5,868.

Directors' shareholding and trades

The following table summarises:

- The number of shares in the Company in which Directors held relevant interests at 31 March 2014
- 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			Holding 31 March 2014
	1 April 2013	Issued	Net trades in the period	
J A Bagnall (i)	38,236,726	1,944,422	223,363	40,404,511
J B Bolland (ii)	-	1,944,422	223,363	40,404,511
P Davis (iii)	38,237,036	1,943,791	197,744	40,378,571
P M Merton (iv)	38,237,036	1,943,791	197,744	40,378,571
K R Rushbrook (v)	36,423	1,847	-	38,270
I G S Sharp (vi)	114,348	5,798	-	120,146
M S Vuksich (vii)	1,153,303	-	-	1,153,303
K Orr (viii)	505,643	25,638	-	531,281

- i J A Bagnall is a Director of LPL Trustee Limited and therefore holds a relevant interest of 40,404,511 fully paid ordinary shares in GXH (shares are legally owned by LPL Trustee Limited). This includes a beneficial interest in 37,046,954 ordinary shares. Received a beneficial interest in 100,000 fully paid ordinary shares on 25 June 2013 (shares purchased by LPL Trustee Limited for \$133,553) to get closer to percentage of shareholding held of 30.61% prior to the issue of shares to employees. Received beneficial interest in 949,199 fully paid ordinary shares (shares acquired by LPL Trustee Limited for \$1,245,349) on reinvestment of dividend under the DRP of Green Cross Health Limited in June 2013. Received a beneficial interest in 123,363 fully paid ordinary shares on 3 December 2013 (shares purchased by LPL Trustee Limited for \$164,406) to return to percentage of shareholding held of 30.82% prior to the issue of shares to employees. Received beneficial interest in 995,223 fully paid ordinary shares (shares acquired by LPL Trustee Limited for \$1,283,539) on reinvestment of dividend under the DRP of Green Cross Health Limited in December 2013.
- ii J B Bolland was appointed Director of LPL Trustee Limited on 10 June 2013 and therefore holds a relevant interest in 40,404,511 fully paid ordinary shares in GXH (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 relevant interest in 100,000 fully paid ordinary shares on 25 June 2013 (shares purchased by LPL Trustee Limited for \$133,553) to get closer to percentage of shareholding held of 30.61% prior to the issue of shares to employees. Received relevant interest in 949,199 fully paid ordinary shares (shares acquired by LPL Trustee Limited for \$1,245,349) on reinvestment of dividend under the DRP of Green Cross Health Limited in June 2013. Received a relevant interest in 123,363 fully paid ordinary shares on 3 December 2013 (shares purchased by LPL Trustee Limited for \$164,406) to return to percentage of shareholding held of 30.82% prior to the issue of shares to employees. Received relevant interest in 995,223 fully paid ordinary shares (shares acquired by LPL Trustee Limited for \$1,283,539) on reinvestment of dividend under the DRP of Green Cross Health Limited in December 2013.
- iii P Davies is a Director of Cape Healthcare Limited and therefore holds a relevant interest in the 40,378,571 fully paid ordinary shares in GXH owned by Cape Healthcare Limited. Received a relevant interest in 75,880 fully paid ordinary shares on 18 June 2013 (shares purchased by Cape Healthcare Limited for \$99,137) to return to percentage of shareholding held of 30.68% prior to the issue of shares to employees. Received relevant interest in 949,207 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for \$1,245,360) on reinvestment of dividend under the DRP of Green Cross Health Limited in June 2013. Received a relevant interest in 121,864 fully paid ordinary shares in November 2013 (shares purchased by Cape Healthcare Limited for \$157,855) to return to percentage of shareholding held of 30.80% prior to the issue of shares to employees. Received relevant interest in 994,584 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for \$1,282,715) on reinvestment of dividend under the DRP of Green Cross Health Limited in December 2013.
- 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 beneficial Interest in the 40,378,571 fully paid ordinary shares in GXH owned by Cape Healthcare Limited. Received a beneficial interest in 75,880 fully paid ordinary shares on 18 June 2013 (shares purchased by Cape Healthcare Limited for \$99,137) to return to percentage of shareholding held of 30.68% prior to the issue of shares to employees. Received beneficial interest in 949,207 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for \$1,245,360) on reinvestment of dividend under the DRP of Green Cross Health Limited in June 2013. Received a beneficial interest in 121,864 fully paid ordinary shares in November 2013 (shares purchased by Cape Healthcare Limited for \$157,855) to return to percentage of shareholding held of 30.80% prior to the issue of shares to employees. Received beneficial interest in 994,584 fully paid ordinary shares (shares acquired by Cape Healthcare Limited for \$1,282,715) on reinvestment of dividend under the DRP of Green Cross Health Limited in December 2013.
- v Holder of a beneficial interest of 38,270 fully paid ordinary shares in GXH (shares are legally owned by First NZ Custodians Limited). Received beneficial interest in 904 fully paid ordinary shares for \$1,186 on reinvestment of dividend under the DRP of Green Cross Health Limited in June 2013. Received beneficial interest in 943 fully paid ordinary shares for \$1,216 on reinvestment of dividend under the DRP of Green Cross Health Limited in December 2013.
- vi Holder of a beneficial interest of 120,146 fully paid ordinary shares in GXH (shares are legally owned by Investment Custodial Services Limited). Received beneficial interest in 2,839 fully paid ordinary shares (shares acquired for \$3,725) on reinvestment of dividend under the DRP of Green Cross Health Limited in June 2013. Received beneficial interest in 2,959 fully paid ordinary shares (shares acquired for \$3,816) on reinvestment of dividend under the DRP of Green Cross Health Limited in December 2013.

- vii Holder of a beneficial interest of 1,153,303 fully paid ordinary shares in GXH (shares are legally owned by Mark Vuksich, Frances Vuksich & Walter Yovich).
- viii Holder of a beneficial interest of 531,281 fully paid ordinary shares in GXH (shares are legally owned by Orrs Kaipara Pharmacies Limited and Orrs Pharmacies Limited). Received beneficial interest in 4,770 fully paid ordinary shares (shares acquired by Orrs Pharmacy for \$6,257) and 7,782 fully paid ordinary shares (shares acquired by Orrs Kaipara Pharmacies Limited for \$10,211) on reinvestment of dividend under the DRP of Green Cross Health Limited in June 2013. Received beneficial interest in 4,973 fully paid ordinary shares (shares acquired by Orrs Pharmacy for \$6,412) and 8,113 fully paid ordinary shares (shares acquired by Orrs Kaipara Pharmacies Limited for \$10,465) on reinvestment of dividend under the DRP of Green Cross Health Limited in December 2013.

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 2014:

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

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

Patrick Davies – Chief Executive Officer and Director of Symbion, a Zuellig Group Company, President of Australia's National Pharmaceutical Services Association and a member of the Board of Overseers for the International Partnership for Innovative Healthcare Delivery (an initiative of the World Economic Forum), Cape Healthcare Limited (Director). Mr Davies is a Director of EBOS Australia Holdings PTY Ltd and its subsidiaries including ZHHA Pty Ltd, Zap Services Pty Ltd, Symbion Pty Ltd (CEO & Director), APHS Packaging Pty Ltd, Clinect Pty Ltd, Intellipharm Pty Ltd, Lyppard Australia Pty Ltd, Vim Health Pty Ltd and its subsidiaries including Tony Ferguson Weight Management Pty Ltd, Vim Health IP Pty Ltd, Living Lite Pty Ltd, National Pharmaceutical Services Associated Limited.

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

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

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

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

Mark Vuksich – St Lukes Pharmacy Holdings Limited (Director & Shareholder).

Mary-Elizabeth Tuck (alternate Director) – Holds a senior legal role at Fisher & Paykel Appliances Limited.

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SHAREHOLDER INFORMATION

As at 30 April 2014

Shares and shareholding

The Company's ordinary shares are listed on the NZX Main Board under the ticker code, GXH. As at 30 April 2014 Green Cross Health Limited had on issue 130,222,873 securities (as defined by the Securities Markets Act 1988) being 129,706,206 fully paid ordinary shares, and 516,667 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, Green Cross Health - Pharmacy.

The 20 largest registered holders of quoted equity securities as at 30 April 2014 were as follows:

Name	Holding	%
LPL TRUSTEE LIMITED	40,404,511	31.03
CAPE HEALTHCARE LIMITED	40,378,571	31.01
MASSEY PHARMACY LIMITED	3,040,000	2.33
NEW ZEALAND PERMANENT TRUSTEES LIMITED - NZCSD <NZPT43>	2,675,000	2.05
MURRAY LAWRENCE DUNN & FORTUNE MANNING TRUSTEE COMPANY LIMITED <M L DUNN NO3 FAMILY A/C>	1,977,145	1.52
GANET INVESTMENTS LIMITED	1,681,334	1.29
MATTHEW JAMES FLEET & MRI CHRISTCHURCH TRUSTEES LIMITED	1,400,000	1.08
CUSTODIAL SERVICES LIMITED <A/C 3>	1,070,142	0.82
THOMAS LAI & CAROLYN PAMELA LAI & KATHLEEN YEE <THOMAS & CAROLYN LAI FAMILY A/C>	994,985	0.76
MARK STEVEN VUKSICH & FRANCES ANN VUKSICH & WALTER MICK GEORGE YOVICH <MARK & FRANCES FAMILY A/C>	984,027	0.76
MATTHEW JAMES PAUL FLEET	962,081	0.74
ALAN HUGH WHAM & FIONA ELIZABETH WHAM & HAURAKI INDEPENDENT TRUSTEE SERVICES LIMITED <WHAM FAMILY A/C>	848,029	0.65
ARTHUR HECTOR MCAULAY	797,060	0.61
WATT LAND COMPANY LIMITED	785,116	0.60
BRETT ANDREW FORDYCE & FRANCIS DRAGICEVICH & CHRISTINE LOUISE HUTTON <BOTA FAMILY A/C>	783,428	0.60
KIM CHRISTOPHER WILKINSON & MARIE ELEANOR WILKINSON	703,956	0.54
ELIZABETH ANN MCAULAY	687,022	0.53
PETER JOHN GUTHRIE	631,873	0.49
GORDON KEITH RITSON	605,495	0.47
BRIAN PHILIP INGHAM	578,443	0.44

Substantial security holders

The following persons were substantial security holders of the company in accordance with section 21 of the Securities Markets Act 1988 as at 30 April 2014:

Name	Holding (Ordinary shares)	%
Cape Healthcare Limited	40,378,571	31.01
LPL Trustee Limited	40,404,511	31.03

Shareholding spread

Green Cross Health Limited's shareholding spread as at 30 April 2014 is as follows:

Size of holding	Holders	%	Securities	%
1-999	129	11.3	71,053	0.05
1,000 - 9,999	584	51.5	1,764,835	1.36
10,000 - 99,999	337	29.7	11,034,136	8.47
100,000 - 499,999	62	5.5	13,774,748	10.58
500,000 - 999,999	15	1.3	10,951,398	8.41
1,000,000 and over	8	0.7	92,626,703	71.13
Total	1,135	100.0	130,222,873	100.00

Disclosure for Dividend Re-investment Plan

At the Company's 2012 Annual Meeting, shareholders approved the allotment of ordinary shares under the Company's dividend re-investment plan ("DRP") during the period from 3 August 2012 to 31 December 2017. A copy of the terms of the DRP can be obtained from the registered office of the Company at Ground Level, Building B, 602 Great South Road, Ellerslie, 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 2014 ("Calculation Date"):

- Under the DRP, 1,943,791 ordinary shares were allotted to CHL during the year, bringing its total shareholding in the Company to 40,378,571 or 31.01%. This percentage also represents the total shareholding of CHL and its associates.
- Under the DRP, 1,944,422 ordinary shares were allotted to LPL during the year, bringing its total shareholding in the Company to 40,404,511 or 31.03%. This percentage also represents the total shareholding of LPL and its associates.
- On completion of all allotments that could yet be made under the DRP ("Specified Transaction") during the period from 1 April 2014 to 31 December 2017 ("Specified Period"):
 - The maximum percentage of all ordinary shares on issue that could be held or controlled by CHL is 35.49%. This percentage also represents the maximum percentage of all ordinary shares on issue that could be held or controlled by CHL and its associates; and
 - The maximum percentage of all ordinary shares on issue that could be held or controlled by LPL is 35.51%. This percentage also represents the maximum percentage of all ordinary shares on issue that could be held or controlled by LPL and its associates.



4. The assumptions on which the particulars referred to in paragraph 3 above are based are as follows:
- (a) that the number of ordinary shares is the number of ordinary shares on issue on the Calculation Date and there have been no other share issuances or changes in capital structure such as share splits, consolidations or buybacks of shares;
 - (b) that there is no change in the total number of ordinary shares on issue between the Calculation Date and the end of the Specified Period, other than as a result of the Specified Transaction;
 - (c) that the Specified Shareholder elects full participation under the Specified Transaction in respect of each dividend during the Specified Period to which the Specified Transaction applies and is allotted the number of ordinary shares under the Specified Transaction corresponding to its full participation;
 - (d) that the Specified Shareholder does not have any associates that hold or control ordinary shares in the Company (CHL and LPL have each advised the Board that it has no such associates at the Calculation Date);
 - (e) that each Specified Shareholder (and any of the Specified Shareholder's associates) do not increase their voting control of the Company other than under the Specified Transaction;
 - (f) that the issue prices of ordinary shares under the Specified Transaction determined in accordance with the price formula will be \$1.35 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.

We believe in
complete well-being,
looking good and
feeling great.



DIRECTORS' DECLARATION

For the year ended 31 March 2014

In the opinion of the Directors of Green Cross Health Limited, the financial statements and notes, on pages 40 to 80:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Green Cross Health Limited (the "Parent") and Group as at 31 March 2014 and the results of their 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 Parent and Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Parent and 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 2014.

For and on behalf of the Board of Directors:



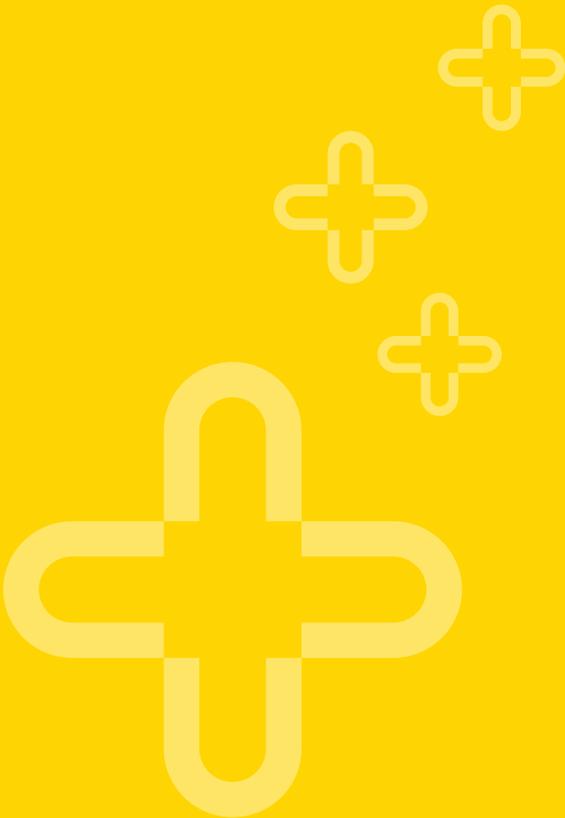
Peter Merton
Chairman
27 May 2014



Keith Rushbrook
Director
27 May 2014

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Green Cross Health Limited



Report on the company and group financial statements

We have audited the accompanying financial statements of Green Cross Health Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 40 to 80. The financial statements comprise the statements of financial position as at 31 March 2014, the 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, for both the company and the group.

Directors' responsibility for the company and group financial statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group 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 company and group 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 company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 company and 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 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 company and group in relation to taxation and general accounting services. Subject to certain restrictions, partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.

Opinion

In our opinion the financial statements on pages 40 to 80:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the company and the group as at 31 March 2014 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Green Cross Health Limited as far as appears from our examination of those records.



27 May 2014
Auckland

GROUP FINANCIAL STATEMENTS





Consolidated statement of comprehensive income	40
Consolidated statement of changes in equity	42
Consolidated statement of financial position	44
Consolidated statement of cash flows	46

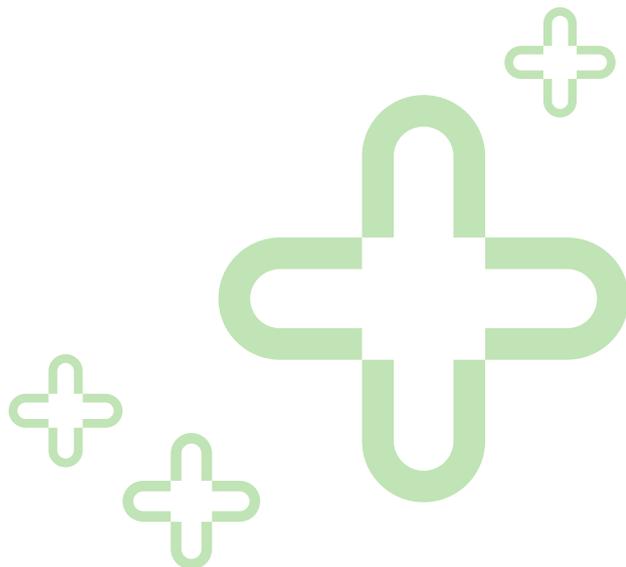
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	Green Cross Health Group		Green Cross Health Limited	
		2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000 (Restated)
Operating revenue					
Revenue	8	257,949	248,472	25,402	22,885
Cost of sales		146,123	144,432	9,097	7,897
		111,826	104,040	16,305	14,988
Share of equity accounted net earnings	20	645	519	-	-
Dividends from subsidiaries	26	-	-	17,502	5,923
Operating expenditure					
Governance and accountability	9	1,081	934	902	753
Depreciation and amortisation	16,17	3,975	4,011	433	312
Employee benefit expense		54,395	50,968	8,868	8,489
Other expenditure	10	26,406	25,495	5,455	4,822
		85,857	81,408	15,658	14,376
Operating profit before interest and tax		26,614	23,151	18,149	6,535
Interest income		948	713	343	288
Interest expense		(1,148)	(1,224)	(7)	(54)
Net interest (expense) / income		(200)	(511)	336	234
Profit before tax		26,414	22,640	18,485	6,769
Tax expense	11	(7,582)	(6,069)	(1,115)	(176)
Profit after tax for the year		18,832	16,571	17,370	6,593
Other comprehensive income for for the year, net of tax		-	-	-	-
Total comprehensive income for the year		18,832	16,571	17,370	6,593

	Note	Green Cross Health Group		Green Cross Health Limited	
		2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000 (Restated)
Attributable to:					
Shareholders of the Parent		15,034	13,009	17,370	6,593
Non-controlling interest		3,798	3,562	-	-
Attribution of profit and comprehensive income to shareholders and non controlling interest		18,832	16,571	17,370	6,593
Earnings per share:					
Basic earnings per share (cents)	12	11.83	10.66		
Diluted earnings per share (cents)	12	11.79	10.56		

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 48 to 80 form part of the financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

Green Cross Health Group	Note	Share capital \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 April 2012 (restated)	30	51,227	10,441	915	62,583
Profit for the year			13,009	3,562	16,571
Total comprehensive income for the year (restated)			13,009	3,562	16,571
Transactions with owners, recorded directly in equity (restated)					
Issue of shares		4,849			4,849
Dividends to shareholders	13		(6,681)		(6,681)
Distribution to non-controlling interests				(3,124)	(3,124)
Impact of other transactions with non-controlling interest			164	421	585
Share scheme amortisation	9	106			106
Balance at 31 March 2013 (restated)		56,182	16,933	1,774	74,889
Balance at 1 April 2013 (restated)	30	56,182	16,933	1,774	74,889
Profit for the year			15,034	3,798	18,832
Total comprehensive income for the year			15,034	3,798	18,832
Transactions with owners, recorded directly in equity					
Issue of shares		6,952			6,952
Dividends to shareholders	13		(8,843)		(8,843)
Distribution to non-controlling interests				(2,864)	(2,864)
Impact of other transactions with non-controlling interest			104	190	294
Share scheme amortisation	9	155			155
Balance at 31 March 2014		63,289	23,228	2,898	89,415

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 48 to 80 form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

Green Cross Health Limited	Note	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 April 2012		51,227	1,524	52,751
Profit for the year			6,593	6,593
Total comprehensive income for the year			6,593	6,593
Transactions with owners, recorded directly in equity				
Issue of shares		4,849		4,849
Dividends to shareholders	13		(6,681)	(6,681)
Share scheme amortisation	9	106		106
Balance at 31 March 2013		56,182	1,436	57,618
Balance at 1 April 2013		56,182	1,436	57,618
Profit for the year			17,370	17,370
Total comprehensive income for the year			17,370	17,370
Transactions with owners, recorded directly in equity				
Issue of shares		6,952		6,952
Dividends to shareholders	13		(8,843)	(8,843)
Share scheme amortisation	9	155		155
Balance at 31 March 2014		63,289	9,963	73,252

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 48 to 80 form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	Green Cross Health Group		Green Cross Health Limited	
		2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000 (Restated)
Equity					
Share capital		63,289	56,182	63,289	56,182
Retained earnings		23,228	16,933	9,963	1,436
Total equity attributable to shareholders of the parent		86,517	73,115	73,252	57,618
Non-controlling interest		2,898	1,774	-	-
Total equity		89,415	74,889	73,252	57,618
Current assets					
Cash and cash equivalents		25,274	19,827	1,274	5,249
Trade and other receivables	14	10,266	10,020	50,225	33,245
Inventories		23,769	24,217	293	240
Loan to subsidiaries	15	-	-	4,561	2,993
Total current assets		59,309	54,064	56,353	41,727
Non-current assets					
Property, plant and equipment	16	9,531	10,989	534	623
Intangible assets	17	56,873	52,152	2,191	1,208
Deferred tax asset	18	2,719	2,646	218	268
Loans to subsidiary	15	-	-	2,802	1,355
Investments in subsidiaries and joint ventures	19			20,449	19,828
Equity accounted group investments	20	6,028	3,498	-	-
Total non-current assets		75,151	69,285	26,194	23,282
Total assets		134,460	123,349	82,547	65,009

	Note	Green Cross Health Group		Green Cross Health Limited	
		2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000 (Restated)
Current liabilities					
Payables and accruals	21	32,688	32,989	8,617	7,368
Income taxes payable	21	2,876	2,068	678	-
Borrowings	22	3,137	2,986	-	-
Total current liabilities		38,701	38,043	9,295	7,368
Non-current liabilities					
Unamortised future income		190	328	-	23
Borrowings	22	6,154	10,089	-	-
Total non-current liabilities		6,344	10,417	-	23
Total liabilities		45,045	48,460	9,295	7,391
Net assets		89,415	74,889	73,252	57,618

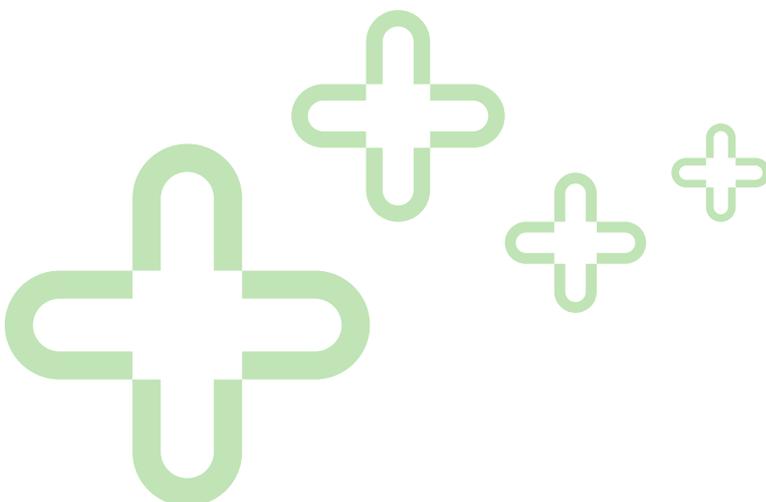
The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 48 to 80 form part of the financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Note	Green Cross Health Group		Green Cross Health Limited	
		2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000 (Restated)
Cash flows from operating activities					
Dividend received		392	368	6,301	5,923
Receipts from customers		257,622	251,230	17,757	18,045
Interest received		948	713	343	202
Payments to suppliers and employees		(227,693)	(221,809)	(23,242)	(21,500)
Interest paid		(1,148)	(1,224)	(7)	(54)
Income taxes paid		(6,875)	(6,029)	(386)	(305)
Net cash inflow from operating activities	23	23,246	23,249	766	2,311
Cash flows from investing activities					
Purchase of property, plant, equipment and software intangibles		(3,234)	(2,876)	(1,327)	(623)
Acquisition of interests in equity accounted investments		(1,523)	(2,323)	(700)	-
Acquisition of interests in subsidiaries		(5,458)	(6,251)	(303)	-
Proceeds from sale of shares in subsidiaries		955	434	629	403
Increase in advances to subsidiary investments		-	-	(1,149)	(408)
Net cash outflow from investing activities		(9,260)	(11,016)	(2,850)	(628)



	Note	Green Cross Health Group		Green Cross Health Limited	
		2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000 (Restated)
Cash flows from financing activities					
Proceeds from borrowings		5,355	3,020	-	-
Repayment of borrowings		(9,139)	(3,292)	-	-
Shares issued for cash		987	309	987	309
Distribution to non-controlling interest		(2,864)	(3,124)	-	-
Dividends paid		(2,878)	(2,141)	(2,878)	(2,141)
Net cash outflow from financing activities		(8,539)	(5,228)	(1,891)	(1,832)
Net increase/(decrease) in cash and cash equivalents		5,447	7,005	(3,975)	(149)
Add opening cash and cash equivalents		19,827	12,822	5,249	5,398
Closing cash and cash equivalents		25,274	19,827	1,274	5,249
Reconciliation of closing cash and cash equivalents to the consolidated statement of financial position:					
Cash and cash equivalents		25,274	19,827	1,274	5,249
Closing cash and cash equivalents		25,274	19,827	1,274	5,249

The accompanying Statement of Accounting Policies and Notes to the Financial Statements on pages 48 to 80 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. Reporting entity

Green Cross Health Limited (formerly Pharmacybrands Limited), (the “Parent”) is a New Zealand company registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (“NZX”). The Parent is an Issuer in terms of the Financial Reporting Act 1993 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 27 May 2014.

(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.

(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.

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, 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. Valuation of goodwill

The carrying value of goodwill is assessed at least annually to ensure that it is not impaired. This assessment requires the Directors to estimate future cash flows to be generated by cash generating units to which goodwill has been allocated. Estimating future cash flows entails making judgments including the expected rate of growth of revenues and expenses, margins and market shares to be achieved, and the appropriate discount rate to apply when discounting future cash flows. Note 6 of these financial statements provides more information on the assumptions Directors have made in this area and the carrying values of goodwill. 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) Significant accounting policies

During the period, NZ IFRS 10 Consolidated Financial Statements, NZ IFRS 11 Joint Arrangements, NZ IFRS 12 Disclosure of Interests in Other Entities and NZ IFRS 13 Fair Value Measurement, as well as NZ IAS 19 Employee Benefits (2011), become effective. With the exception of NZ IFRS 10, the effect of which is described in note 4(a) below and in note 30, there was no material impact from the adoption of NZ IFRS 11, 12 and 13 or amendments to NZ IAS 19 on the Group's financial statements. All other accounting policies have been applied consistently to all periods included in these consolidated financial statements by the Group and its joint ventures and associates.

3. Basis of recognition of components of the financial statements

(a) Revenue recognition

The Group's main activity is providing healthcare services through pharmacies and medical centres, equity accounted partnership arrangements and franchises operating under a number of banner brands.

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 services to associates, joint ventures and franchisees. Revenue is recognised when services have been provided to patients and customers in the case of other services, in accordance with the terms of the relevant franchise, marketing or other service support agreements.

iii. **Loyalty programme**

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

(b) Expenses

All expenditure is recognised in the income statement when an obligation arises on an accruals basis.

(c) Finance income and expense

Interest income and expense is recognised as it accrues using the effective interest rate.

4. Basis of preparing group financial statements

From 1 April 2013 the Group adopted NZ IFRS 10, 11 & 12, new accounting standards that significantly impact the basis of preparation of the financial statements and require comparative information to be restated.

Details of the changes are set out in note 30. The new standards alter the determination of whether the Group's investments are considered to be subsidiaries, associates or joint ventures, and consequently have an impact on the scope of the consolidation including non-controlling interests and goodwill. The basis of preparation set out below reflects the adoption of these new standards.

(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 investees 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.

(b) Investments in associates and joint ventures

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 Group financial statements 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 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. 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.

Subsequent to initial recognition, investments in associates and joint ventures are assessed for impairment where an objective indicator of impairment are identified. Impairment testing is performed by comparing the carrying amount of the investment with its recoverable amount.

Accounting policies adopted by associate 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.

(c) Non-controlling interests

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

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

The Group's ownership interests in subsidiaries ranges from 25% to 100% (2013: 25% to 100%).

While the Group has 22 subsidiaries with non-controlling interests, there are no subsidiaries with an individually material non-controlling interest. 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 in note 4 (a).

(d) 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.

(e) Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess 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. The impairment testing is completed 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 then an impairment loss is recognised in the income statement and the carrying amount of the asset is written down.

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

5. Specific accounting policies

(a) Share capital

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

Share options issued by the Parent entitle some employees to subscribe for share capital of the Parent. The fair value of the option at grant date is recognised in the statement of comprehensive income and the balance sheet over the period in which the options vest with the employee.

(b) Property, plant & equipment

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

Property, plant & 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 & 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.

Estimated useful lives of the asset classes are:

- Fixtures, fitting and office equipment 2 - 10 years; and
- Motor Vehicles 5 years

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

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

(c) Intangible assets

Intangible assets recognised by the Group are stated at cost less amortisation and any impairment losses with the exception of goodwill (refer note 4(e)).

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

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

Estimated useful lives of the asset classes are:

- Software & Trademarks 3 - 5 years

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

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

Intangible assets disclosed in the financial statements relate to computer software and trademarks. Trademarks with indefinite lives are tested annually for impairment.

(d) Borrowings and advances

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.

(e) Taxation

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

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

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

(f) Leases

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 fixed assets. Operating lease payments are recognised and included in the income statement in the period in which they are incurred.

Lease incentives received are recognised in the income statement 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 balance sheet.

(g) Employee entitlements

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.

(h) Financial instruments

The Group is party to financial instruments as part of its day-to-day 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.

(i) Share based payments

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.

(j) 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 balance sheet are stated net of GST with the exception of receivables and payables, which include GST invoiced.

(k) 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, loans to associates, and investments in associates, subsidiaries and joint ventures.

Financing activities reflect changes in borrowings and equity.

(l) Segment reporting

The Group has two reportable segments: pharmacy retail services and medical services.

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

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

- Aggregation of the operating segments within each reportable segment is consistent with the core principal of NZIFRS 8, i.e. aggregating will not distort the interpretation of the financial statements for the users
- The operating segments within each reportable segment share the same economic characteristics
- 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 2014	Pharmacy retail services \$'000	Medical services \$'000	Intersegment eliminations \$'000	Total \$'000
External revenues	245,518	12,431	-	257,949
Total revenue	245,518	12,431	-	257,949
Interest income	888	60	-	948
Interest expense	(994)	(154)	-	(1,148)
Depreciation and amortisation	(3,801)	(174)	-	(3,975)
Reportable segment profit before income tax	24,048	2,366	-	26,414
Tax expense	(7,040)	(542)	-	(7,582)
Profit after tax	17,008	1,824	-	18,832
Non-controlling interest	(3,798)	-	-	(3,798)
Net profit attributable to the shareholders of the parent	13,210	1,824	-	15,034
Share of profit of equity method investees	119	526	-	645
Reportable segment assets	125,826	12,994	(4,360)	134,460
Equity accounted investments	3,319	2,709	-	6,028
Capital expenditure	3,096	138	-	3,234
Reportable segment liabilities	40,455	8,950	(4,360)	45,045
March 2013				
External Revenues	240,221	8,251	-	248,472
Total revenue	240,221	8,251	-	248,472
Interest Income	665	48	-	713
Interest expense	(1,154)	(70)	-	(1,224)
Depreciation and amortisation	(3,916)	(95)	-	(4,011)
Reportable segment profit before income tax	20,982	1,658	-	22,640
Tax expense	(5,767)	(302)	-	(6,069)
Profit after tax	15,215	1,356	-	16,571
Non-controlling interest	(3,562)	-	-	(3,562)
Net profit attributable to the shareholders of the parent	11,653	1,356	-	13,009
Share of profit of equity method investees	49	470	-	519
Reportable segment assets	117,295	8,547	(2,493)	123,349
Equity accounted investments	1,547	1,951	-	3,498
Capital expenditure	2,726	150	-	2,876
Reportable segment liabilities	45,501	5,452	(2,493)	48,460

(m) 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.

(n) Comparatives

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

(o) New standards and interpretations issued and not yet effective

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application:

- NZ IFRS 9 Financial Instruments (2010) is the standard issued as part of a wider project to replace NZ IAS 39
- NZ IFRS 9 (2009) retained but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.
- NZ IFRS 9 (2010) retained the requirements with respect to the classification and measurement of financial liabilities with the exception of fair value option and certain derivatives linked to unquoted equity instruments. Additionally, NZ IFRS 9 (2010) also retained the recognition requirements of NZ IAS 39
- The guidance in NZ IAS 39 on impairment of financial assets and hedge accounting continues to apply
- Application of transitional provisions depends on an entity's adoption date of NZ IFRS 9 (2009) and NZ IFRS 9 (2010)
- The revised standard becomes mandatory for the Group's 31 March 2018 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial statements.

6. Accounting estimates and judgments

In authorising the financial statements for the year ended 31 March 2014, 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.

In each of the impairment tests performed below, a DCF model has been prepared.

The DCF models have been based on three year forecast cash flow projections. The Board approved budget for the year-ending 31 March 2014 is the basis for the first year's projections and projections for subsequent periods have been based on expected inflation and growth rates specific to Green Cross Health's activities. Terminal cash flows are projected to grow in-line with the long-term inflation rate.

A discount rate of 12.5% (2013: 9.75%) has been applied to the unleveraged post-tax nominal cash flows (equivalent pre-tax discount rate is 17.4% (2013: 13.5%)). An inflation assumption of 2.5% (2013: 2.5%) has been used, with a terminal growth rate of 2.5% (2013: 2.5%).

(a) Impairment testing for cash-generating units containing goodwill

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.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:	2014 \$'000	2013 \$'000
Pharmacy retail services	49,216	47,916
Medical services	6,260	3,780
	55,476	51,696

Each cash-generating unit (CGU) has been tested for impairment on the basis of its value-in-use applying a discounted cash flow (DCF) model.

None of the units tested for impairment was found to be impaired.

Sensitivities

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

(b) 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 discounted cash flow model, where an indicator of impairment has been identified. The following triggers have been identified as the indicators of impairment:

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

Where present the investment is tested for impairment using a value in use discounted cash flow model, the basis for which is described above.

No impairment was identified as a result of this exercise.

Sensitivities

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

7. Business combination

During the year the Group acquired a controlling interest in Baymed Group (2013) Limited, Hastings Pharmacy (2013) Limited and Timaru Pharmacy (2013) Limited.

Identifiable assets acquired and liabilities assumed	\$'000
Identifiable net assets	1,113
The identifiable net assets have been acquired at fair value.	
Consideration transferred	
Satisfied by:	
Cash	4,893
Total consideration	4,893
Goodwill	
Goodwill recognised as a result of the acquisition is as follows:	
Total consideration	4,893
Identifiable net assets	(1,113)
Full Goodwill	3,780

8. Revenue

	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Store sales	223,884	221,716	2,232	1,750
Medical centre sales	9,536	5,707	-	-
Services provided to stores and medical centres	24,529	21,049	23,170	21,135
	257,949	248,472	25,402	22,885

9. Governance and accountability

	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Audit fees	197	148	165	125
Other services provided by auditors	62	34	62	34
Directors' fees in respect of the parent company	330	330	330	330
Directors' fees in respect of the subsidiary companies	147	161	-	-
Senior executives' share option expense	155	106	155	106
Reporting related expense	22	21	22	21
Secretarial and board expenses	74	55	74	58
Stock exchange and registry fees	94	79	94	79
	1,081	934	902	753
Auditor's remuneration to KPMG comprises:				
Annual audit of financial statements	165	125	165	125
Audit of subsidiaries	32	23	-	-
	197	148	165	125
Other services provided by auditors:				
Taxation services	47	34	47	34
Other services	15	-	15	-
	62	34	62	34

Tax services relate to compliance and related services. Other services relate to sector benchmarking analysis.

10. Other expenditure

	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Leases expense	12,951	12,912	498	516
Amortisation of lease incentive	(216)	(199)	(58)	(35)
Bad debts written off and movement in doubtful debt provision	(5)	132	-	(6)
Other operating costs	13,676	12,650	5,015	4,347
	26,406	25,495	5,455	4,822

11. Income tax expense

(a) Income tax expense	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current tax expense				
Current tax	(7,441)	(6,396)	(791)	(193)
Prior year adjustment	(243)	98	(274)	23
	(7,684)	(6,298)	(1,065)	(170)
Deferred tax expense				
Origination and reversal of temporary differences	65	326	(119)	11
Prior year adjustment	37	(97)	69	(17)
	102	229	(50)	(6)
Total income tax expense	(7,582)	(6,069)	(1,115)	(176)
Imputation credit account				
Available for use in subsequent periods \$6,674,000 (2013: \$2,622,000).				
(b) Numerical reconciliation between tax expense & pre-tax accounting profit/(loss)				
Profit before tax	26,414	22,640	18,485	6,769
Income tax expense at 28%	(7,396)	(6,339)	(5,176)	(1,895)
(Add)/deduct the tax effect of adjustments				
Non-assessable revenue	202	372	4,737	1,855
Non-deductible expenses	(182)	(103)	(471)	(142)
Prior year adjustments	(206)	1	(205)	6
	(7,582)	(6,069)	(1,115)	(176)

12. Earnings per share

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

Basic earnings per share comprises	Green Cross Health Group	
	2014 \$'000	2013 \$'000
Profit for the year attributable to equity holders of the Parent	15,034	13,009
Opening number of shares (000's)	124,552	120,165
Add/(deduct) the effect of:		
Shares issued (April 2012)		19
Shares issued (May 2012)		152
Shares issued (September 2012)		1,335
Shares issued (December 2012)		402
Shares issued (June 2013)	1,732	
Shares issued (December 2013)	657	
Shares issued (February 2014)	161	
Weighted average number of shares	127,102	122,073
Basic earnings per share (cents)	11.83	10.66
Diluted earnings per share (cents)	11.79	10.56

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 127,102,000 (2013: 122,073,000).

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Parent and a weighted average number of ordinary shares issued during the year after the adjustment for the effects of all dilutive ordinary shares of 127,547,000 (2013: 123,149,000). The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Parent and the weighted average number of shares, as adjusted for the effect of dilutive potential ordinary shares. At 31 March 2014, dilutive ordinary shares were 445,000 (2013: 1,076,000) and dilutive weighted average ordinary shares were 123,149,000 (2013: 113,998,000). Dilutive potential ordinary shares had no impact on the earnings.

The average market value of the Parent's shares for the purpose of calculating the dilutive effect of Redeemable Ordinary Shares (refer note 28) was based on quoted market prices for the year during which the options were outstanding.

Net tangible assets per share (cents)	22.9	16.13
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The calculation of net tangible assets per share is based on net assets less deferred tax and goodwill (refer note 17) and the closing number of ordinary shares at the end of the year.

13. Distribution to owners

	Green Cross Health Limited	
	2014	2013
The dividends per share (cents)		
	7.00	5.50

In December 2013 Green Cross Health Limited paid an interim dividend of 3.5 cents per qualifying shares to shareholders, which was fully imputed to 28%.

In June 2013 Green Cross Health Limited paid an final dividend for the March 2013 year of 3.5 cents per qualifying shares to shareholders, which was fully imputed to 28%.

14. Trade and other receivables

	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables	5,111	4,484	3,420	2,612
Accrued income	4,328	4,590	255	433
Other receivables	409	804	1,226	1,023
Prepayments	556	324	445	200
Provision for doubtful debts	(249)	(266)	(112)	(118)
Receivables from associates	111	84	-	-
Receivables from subsidiaries	-	-	44,991	29,095
	10,266	10,020	50,225	33,245

15. Loans to subsidiaries

	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Loans to subsidiaries current portion	-	-	4,561	2,993
	-	-	4,561	2,993
Loans to subsidiaries non-current portion	-	-	2,802	1,355
	-	-	2,802	1,355

The loans to subsidiaries are advanced under a revolving debt facility (refer note 22 for loan terms and security details) with interest charged on a floating basis at 6.05% (2013: 5.89%). These advances are repayable on demand.

16. Property, plant and equipment

	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Property, plant and equipment				
Opening cost	36,979	36,231	1,580	1,397
Acquisitions through business combinations	532	719	-	-
Additions	1,814	3,389	148	183
Disposals	(1,071)	(3,360)	-	-
Closing cost	38,254	36,979	1,728	1,580
Opening accumulated depreciation	26,315	24,974	1,208	1,051
Depreciation for the period	3,601	3,734	171	157
Disposals	(707)	(2,393)	-	-
Closing accumulated depreciation	29,209	26,315	1,379	1,208
Motor vehicles				
Opening cost	174	169	-	-
Additions	48	30	-	-
Disposals	(67)	(25)	-	-
Closing cost	155	174	-	-
Opening accumulated depreciation	121	108	-	-
Depreciation for the period	28	27	-	-
Disposals	(62)	(14)	-	-
Closing accumulated depreciation	87	121	-	-
Closing book value	9,113	10,717	349	372
Work in progress	418	272	185	251
Total property, plant and equipment	9,531	10,989	534	623

Work in progress relates to capital projects not yet complete.

17. Intangible assets

	Notes	Green Cross Health Group		Green Cross Health Limited	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Software					
Opening cost		2,413	2,206	1,694	1,402
Additions		1,185	367	1,136	292
Disposals		(10)	(160)	-	-
Closing cost		3,588	2,413	2,830	1,694
Opening accumulated amortisation		1,970	1,877	1,391	1,236
Amortisation for the period		347	250	262	155
Disposals		(4)	(157)	-	-
Closing accumulated amortisation		2,313	1,970	1,653	1,391
Trademarks and other intangible assets					
Opening cost		27	27	27	27
Additions		109	-	109	-
Trademarks at cost		136	27	136	27
Opening accumulated amortisation		14	14	14	14
Closing accumulated amortisation		14	14	14	14
Goodwill					
Opening cost		51,696	46,719	892	892
Additions	7	3,780	4,977	-	-
Closing cost	6	55,476	51,696	892	892
Total intangible assets		56,873	52,152	2,191	1,208

18. Deferred tax asset

	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Opening balance	2,646	2,417	268	274
Recognised in income statement	102	229	(50)	(6)
Recognised on acquisition	(29)	-	-	-
	2,719	2,646	218	268

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

	Opening \$'000	Recognised in the profit or loss \$'000	Recognised on acquisition \$'000	Closing \$'000
Group – 2014				
Property, plant and equipment	1,171	170	(16)	1,325
Provisions	1,041	(5)	(13)	1,023
Tax losses	434	(63)	-	371
	2,646	102	(29)	2,719
Group – 2013				
Property, plant and equipment	1,067	104	-	1,171
Provisions	991	50	-	1,041
Tax losses	359	75	-	434
	2,417	229	-	2,646
Company – 2014				
Property, plant and equipment	(29)	(4)	-	(33)
Provisions	297	(46)	-	251
	268	(50)	-	218
Company – 2013				
Property, plant and equipment	(15)	(14)	-	(29)
Provisions	289	8	-	297
	274	(6)	-	268

19. Investments in subsidiaries and joint ventures

Green Cross Health Limited	2014 \$'000	2013 \$'000
Subsidiaries at cost	18,995	19,823
Joint venture at cost	1,454	5
	20,449	19,828
The movement in investments in subsidiaries and joint ventures		
Brought forward balance	19,828	20,592
Investment in subsidiaries and joint ventures	2,158	-
Disposal of subsidiaries and joint ventures	(1,537)	(764)
	20,449	19,828

20. Equity accounted group investments

Green Cross Health Group	2014 \$'000	2013 \$'000
The movement in equity accounted investments comprises		
Opening carrying amount	3,498	1,026
Investment in associates and joint ventures	2,277	2,324
Share of net earnings	645	519
Dividend	(392)	(371)
	6,028	3,498

There are no individually material associates or joint ventures.

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 2014	11,861	7,929	40,496	2,431
As at and for the year ended 31 March 2013	8,671	6,561	34,232	1,619

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

21. Trade and other payables and income taxes payable

	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade Payables	18,981	18,937	4,104	2,106
Payable to non-controlling interest	2,677	2,752	-	-
Accruals	8,091	8,557	4,209	4,970
Employee entitlements	2,939	2,743	304	292
	32,688	32,989	8,617	7,368
Income tax payable	2,876	2,068	678	-
	35,564	35,057	9,295	7,368

22. Borrowings

	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current	3,137	2,986	-	-
Non-current	6,154	10,089	-	-
	9,291	13,075	-	-

The Group's interest rate on outstanding loans is calculated based on BKBM plus a margin.

The security provided by the partners in subsidiaries are several. Green Cross Health Limited has provided guarantees in favour of ANZ Bank New Zealand Limited (ANZNB), with back-to-back guarantees received from each partner's shareholding limiting the Group's ultimate exposure to commensurate with Green Cross Health Limited's shareholding in each subsidiary.

23. Operating cash flows reconciliation

	Green Cross Health Group		Green Cross Health Limited	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Profit after tax for the year	18,832	16,571	17,370	6,593
Add/(deduct) non-cash items				
Equity accounted profits	(253)	(150)	-	-
Depreciation and amortisation	3,975	4,011	433	312
Amortisation of lease incentive	(139)	(378)	(23)	(35)
Deferred tax	(101)	(228)	51	6
Share/option scheme costs	155	106	155	106
Other non-cash items	155	102	-	(86)
Add/(deduct) changes in working capital items				
Receivables and accruals	(326)	2,757	(18,846)	(4,887)
Inventory	559	(450)	(53)	(180)
Payables and accruals	389	908	1,679	482
Net cash inflow from operating activities	23,246	23,249	766	2,311

24. Shares on issue

		2014	2013
		000's	000's
Shares authorised and on issue			
Opening number of shares		125,512	120,759
Shares cancelled - partly paid	(a)	-	(67)
Shares issued - fully paid	(a)	4,978	4,020
Shares issued - partly paid	(a)	250	800
		130,740	125,512
Shares held as treasury stock	(b)	(517)	(960)
		130,223	124,552

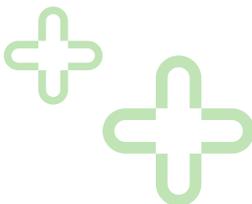
All ordinary shares carry equal rights in terms of voting, dividend payments and distribution upon winding up.

(a)

- (i) On 28 March 2013 33,334 redeemable ordinary shares were converted into 33,334 ordinary shares at 0.69 cents per share. On 28 March 2013 66,666 redeemable ordinary shares held by the Life Pharmacy Trust Company Limited as trustee were cancelled.
- (ii) On 21 June 2013 Green Cross Health Limited allotted 2,233,670 fully paid ordinary shares at \$1.312 per share on reinvestment of dividend under the Dividend Reinvestment Plan. On 19 December 2013 Green Cross Health Limited allotted 2,352,785 fully paid ordinary shares at \$1.2897 per share on reinvestment of dividend under the Dividend Reinvestment Plan. On 1 November 2013 Green Cross Health Limited allotted 390,635 fully paid ordinary shares at \$1.28
- (iii) On 2 December 2013 Green Cross Health issued 150,000 redeemable ordinary shares to Life Pharmacy Trust Company Limited as a trustee of a trust that holds the shares on behalf of the CEO, Green Cross Health – Pharmacy under the Employee Share Ownership Plan. The shares were issued at \$1.27 per share, initially paid up to \$0.01 per share. On 14 February 2014 Green Cross Health issued 100,000 redeemable ordinary shares to Life Pharmacy Trust Company Limited as a trustee of a trust that holds the shares on behalf of the senior managers under the Employee Share Ownership Plan. The shares were issued at \$1.25 per share, initially paid up to \$0.01 per share.

Treasury stock

(b) The redeemable ordinary shares held by Life Pharmacy Trust 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.



25. 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.

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 balance sheet. The Group is not exposed to any material concentrations of credit risk other than its exposure within the retail pharmacy sector and banking facilities. 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 all 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:

Green Cross Health Group	Gross receivable	Impairment	Gross receivable	Impairment
	2014	2014	2013	2013
Trade and other receivables	\$'000	\$'000	\$'000	\$'000
Not past due	8,727	-	8,546	-
Past due 0-30 days	947	-	1,093	-
Past due 31-120 days	606	(14)	228	-
Past due more than 120 days	235	(235)	419	(266)
Total	10,515	(249)	10,286	(266)
Green Cross Health Limited				
Trade and other receivables				
Not past due	49,241	-	32,605	-
Past due 0-30 days	732	-	601	-
Past due 31-120 days	283	(31)	75	(36)
Past due more than 120 days	81	(81)	82	(82)
Total	50,337	(112)	33,363	(118)

In addition to trade and other receivables the group also has credit risk exposure to advances to associates as detailed in note 14.

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:

25. Financial instruments (continued)

	Balance Sheet	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Green Cross Health Group

2014

Bank loan	9,291	9,291	1,649	1,488	2,678	3,476
Trade and other payables	32,688	32,688	32,688	-	-	-
Total non-derivative liabilities	41,979	41,979	34,337	1,488	2,678	3,476

2013

Bank loan	13,075	13,075	1,568	1,418	2,549	7,540
Trade and other payables	32,989	32,989	32,989	-	-	-
Total non-derivative liabilities	46,064	46,064	34,557	1,418	2,549	7,540

Green Cross Health Limited

2014

Trade and other payables	8,617	8,617	8,617	-	-	-
Total non-derivative liabilities	8,617	8,617	8,617	-	-	-

2013

Trade and other payables	7,368	7,368	7,368	-	-	-
Total non-derivative liabilities	7,368	7,368	7,368	-	-	-

Market risk

As interest rates change, the fair value of financial instruments may change. Refer to notes 15 and 22 for details of the interest rates and re-pricing for the group advances 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 closely approximate their fair values as at 31 March 2014 and 31 March 2013. The fair value of all of the following financial instruments is determined using their transactional value.

Green Cross Health Group	Note	Loans and receivables \$'000	Other amortised cost \$'000	Total carrying amount \$'000	Fair value \$'000
2014					
Assets					
Trade and other receivables	14	10,266	-	10,266	10,266
Cash and cash equivalents		25,274	-	25,274	25,274
Total current assets		35,540	-	35,540	35,540
Total assets		35,540	-	35,540	35,540
Liabilities					
Loans and borrowings	22	-	6,154	6,154	6,154
Total non-current liabilities		-	6,154	6,154	6,154
Loans and borrowings	22	-	3,137	3,137	3,137
Trade payables	21	-	35,564	35,564	35,564
Total current liabilities		-	38,701	38,701	38,701
Total liabilities		-	44,855	44,855	44,855
2013					
Assets					
Trade and other receivables	14	10,020	-	10,020	10,020
Cash and cash equivalents		19,827	-	19,827	19,827
Total current assets		29,847	-	29,847	29,847
Total assets		29,847	-	29,847	29,847
Liabilities					
Loans and borrowings	22	-	10,089	10,089	10,089
Total non-current liabilities		-	10,089	10,089	10,089
Loans and borrowings	22	-	2,986	2,986	2,986
Trade payables	21	-	35,057	35,057	35,057
Total current liabilities		-	38,043	38,043	38,043
Total liabilities		-	48,132	48,132	48,132

25. Financial instruments (continued)

Green Cross Health Limited	Note	Loans and receivables \$'000	Other amortised cost \$'000	Total carrying amount \$'000	Fair value \$'000
2014					
Assets					
Loans to subsidiaries	15	2,802	-	2,802	2,802
Total non-current assets		2,802	-	2,802	2,802
Trade and other receivables	14	50,225	-	50,225	50,225
Cash and cash equivalents		1,274	-	1,274	1,274
Loans to subsidiaries	15	4,561	-	4,561	4,561
Total current assets		56,060	-	56,060	56,060
Total assets		58,862	-	58,862	58,862
Liabilities					
Total non-current liabilities		-	-	-	-
Trade payables	21	-	9,294	9,294	9,294
Total current liabilities		-	9,294	9,294	9,294
Total liabilities		-	9,294	9,294	9,294
2013					
Assets					
Loans to subsidiaries	15	1,355	-	1,355	1,355
Total non-current assets		1,355	-	1,355	1,355
Trade and other receivables	14	33,245	-	33,245	33,245
Cash and cash equivalents		5,249	-	5,249	5,249
Loans to subsidiaries	15	2,993	-	2,993	2,993
Total current assets		41,487	-	41,487	41,487
Total assets		42,842	-	42,842	42,842
Liabilities					
Total non-current liabilities		-	-	-	-
Trade payables	21	-	7,368	7,368	7,368
Total current liabilities		-	7,368	7,368	7,368
Total liabilities		-	7,368	7,368	7,368

26. Related parties

During the period, there has been one director who has had shareholdings in various subsidiary companies and shareholdings 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.

	Transaction Value		Balance Outstanding	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Related party transactions for the Group:				
Equity earnings from associates	645	519	-	-
Franchise fees and on-charged costs with equity accounted investments	31	31	3	3
Management service charges to equity accounted investments	1,738	1,216	169	155
Total owing from equity accounted investments			172	158
Receivable from other related parties			225	432
Payable to non-controlling interests			2,677	2,752
Payable to other related parties			754	-
Related party transactions for the Company:				
Dividends from subsidiaries	17,502	5,923	-	-
Marketing levies and franchise fees charged to subsidiaries	3,057	3,113	205	290
Receivable from subsidiaries			44,786	28,805
Loans to subsidiaries			7,363	4,348
Total owing from subsidiaries			52,354	33,443
Receivable from other related parties			225	208
Payable to other related parties			754	-

26. Related parties (continued)**Key management personnel remuneration**

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

	Group	
	2014 \$'000	2013 \$'000
Short-term employee benefits	2,900	2,494
Share vesting costs	155	106
	3,055	2,600

27. Non-cancellable operating leases

	Group	
	2014 \$'000	2013 \$'000
Due within one year	11,851	12,658
Due between one and five years	24,201	26,249
Due after five years	7,200	4,127
	43,252	43,034

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

28. Share based payments**(a) Description of share-based payment arrangements**

At 31 March 2014, the Group had the following share-based payment arrangements:

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

The 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 statement of comprehensive income in the period was \$155,006 (2013: \$105,920).

(b) Measurement of fair value

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

	Key management	Senior management	
	2014	2014	2013
Fair value at grant date	\$0.22	\$0.22	\$0.34
Share price at grant date	\$1.27	\$1.26	\$0.70
Exercise price	\$1.27	\$1.26	\$0.70
Expected volatility	30%	30%	60%
Expected life	3 years	3 years	3 years
Expected dividends	0.1%	0.1%	-
Risk-free rate	3.1%	3.2%	2.6%

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

(c) Reconciliation of outstanding ROS

	Number of instruments 2014 \$'000	Weighted average exercise price 2014	Number of instruments 2013	Weighted average exercise price 2013
Outstanding at 1 April	866	\$0.64	500	\$0.40
Forfeited during the year	-	-	(67)	\$0.70
Exercised during the year	(599)	\$0.62	(367)	\$0.43
Granted during the year	250	\$1.27	800	\$0.70
Outstanding at 31 March	517	\$0.97	866	\$0.64
Exercisable at 31 March	-	n/a	-	n/a

Instruments outstanding at 31 March 2014 had exercise prices of \$0.70 - \$1.27 (2013: \$0.40 - \$0.70) and a weighted average contractual life of 4.5 years (2013: 4.1 years). The weighted average share price at the date of exercise for ROS during the year was \$1.30 (2013: \$1.16).

During the year, a total of 300,000 (2013: nil) ROS under the Senior Manager Scheme and 166,667 (2013: 166,667) ROS under a previous Key Management Personnel Scheme were exercised by the former CEO.

29. Subsequent Events

On 27 May 2014 Green Cross Health Limited declared dividends of 3.5 cents per qualifying ordinary share, which will be fully imputed to 28%.

On 1 April 2014 the Group acquired Apollo Pharmacy (2014) Limited and a controlling interest in Hutt Valley Pharmacy 2014 Limited. Total consideration was \$4m.

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

30. Changes in accounting policy

Green Cross Health Group

As a result of the adoption of NZ IFRS 10 Consolidated financial statements in the current year, the Group has changed its accounting policy for determining how it consolidates or equity accounts its interests in its investees. NZ IFRS 10 introduced new principles that apply to all investments, which go beyond legal ownership and require the consideration of a broader range of factors.

In accordance with the transitional provision of NZ IFRS 10 the Group has assessed how it accounts for its investments at 1 April 2013. As a consequence, the Group has reclassified its investments in various pharmacy stores which were previously accounted for as associates using the equity accounting method to now be consolidated. As a consequence of the new requirements in NZ IFRS 10, the Directors determined that the Group is obligated to consolidate these investments although in some cases it owns less than half the share capital of the investment.

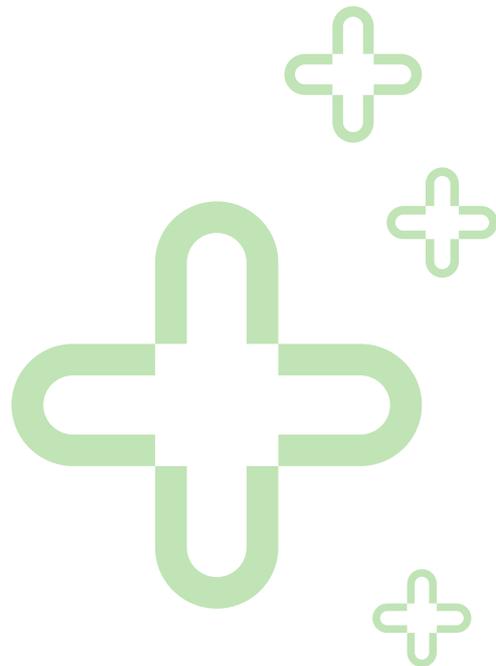
The majority of adjustments arising on the adoption of NZ IFRS10 relate to the grossing up of revenue and expenses, reflecting the consolidation of the results and balances of entities not previously consolidated. As a result, there is an adjustment to the share of profit of equity accounted earnings and the recognition of the non-controlling interests' share of comprehensive earnings.

The quantitative impact of the changes the Group's previously reported financial statements is set out below.

Green Cross Health Limited

With the adoption of NZ IFRS 10 Consolidated Financial Statements in the current year, there have been changes in the classification of associates to subsidiaries. As a result, in the parent company comparative statement of comprehensive income, dividends from associates are now dividends from subsidiaries, and in the parent company comparative statement of financial position, investments and advances to associates have now become investments and advances to subsidiaries.

The quantitative impact of the change are set out on pages 77 to 80.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As previously reported March 2013	Impact of adopting IFRS 10	Re-presented March 2013
Operating revenue			
Revenue	105,064	143,408	248,472
Cost of sales	53,117	91,315	144,432
	51,947	52,093	104,040
Share of associate earning	4,432	(3,913)	519
Operating expenditure			
Governance and accountability	864	70	934
Depreciation and amortisation	1,323	2,688	4,011
Employee benefit expense	26,034	24,934	50,968
Other expenditure	11,754	13,741	25,495
	39,975	41,433	81,408
Operating profit before interest and tax	16,404	6,747	23,151
Interest income	576	137	713
Interest expense	(501)	(723)	(1,224)
Net interest income (expense)	75	(586)	(511)
Profit before tax	16,479	6,161	22,640
Tax expense	(3,224)	(2,845)	(6,069)
Profit after tax for the year	13,255	3,316	16,571
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	13,255	3,316	16,571
Attributable to:			
Shareholders of the Parent	13,188	(179)	13,009
Non-controlling interest	67	3,495	3,562
Attribution of profit and comprehensive income to shareholders and non-controlling interest	13,255	3,316	16,571
Earnings per share:			
Basic earnings per share (cents)	10.80	(0.14)	10.66
Diluted earnings per share (cents)	10.71	(0.15)	10.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As previously reported March 2013	Impact of adopting IFRS 10	Re-presented March 2013
Equity			
Share capital	56,182	-	56,182
Retained earnings	17,706	(773)	16,933
Total equity attributable to shareholders of the Parent	73,888	(773)	73,115
Non-controlling interest	136	1,638	1,774
Total equity	74,024	865	74,889
Current assets			
Cash and cash equivalents	15,112	4,715	19,827
Trade and other receivables	7,404	2,616	10,020
Inventories	6,421	17,796	24,217
Advances to equity accounted investments	467	(467)	-
Total current assets	29,404	24,660	54,064
Non-current assets			
Property, plant and equipment	2,320	8,669	10,989
Intangible assets	25,157	26,995	52,152
Deferred tax asset	1,515	1,131	2,646
Advances to equity accounted investments	927	(927)	-
Equity accounted group investments	37,491	(33,993)	3,498
Total non-current assets	67,410	1,875	69,285
Total assets	96,814	26,535	123,349
Current liabilities			
Payables and accruals	15,047	17,942	32,989
Income taxes payable	920	1,148	2,068
Borrowings	400	2,586	2,986
Total current liabilities	16,367	21,676	38,043
Non-current liabilities			
Unamortised future income	23	305	328
Borrowings	6,400	3,689	10,089
Total non-current liabilities	6,423	3,994	10,417
Total liabilities	22,790	25,670	48,460
Net assets	74,024	865	74,889

CONSOLIDATED STATEMENT OF CASH FLOWS

	As previously reported March 13	Impact of adopting IFRS 10	Re-presented March 13
Cash flows from operating activities			
Equity accounted investee dividend received	3,501	(3,133)	368
Receipts from customers	106,223	145,007	251,230
Interest received	490	223	713
Payments to suppliers and employees	(91,528)	(130,281)	(221,809)
Interest paid	(501)	(723)	(1,224)
Income taxes paid	(3,324)	(2,705)	(6,029)
Net cash inflow from operating activities	14,861	8,388	23,249
Cash flows from investing activities			
Purchases of property, plant, equipment and software intangibles	(855)	(2,021)	(2,876)
Acquisition of interest subsidiaries	(4,000)	(2,251)	(6,251)
Acquisition of interests in associates	(4,574)	2,251	(2,323)
Proceeds from sale of shares in subsidiary	384	50	434
Proceeds from sale of interests in equity accounted investments	95	(95)	-
(Increase)/decrease in advances to equity accounted investments	516	(516)	-
Net cash outflow from investing activities	(8,434)	(2,582)	(11,016)
Cash flows from financing activities			
Proceeds from new borrowings	2,000	1,020	3,020
Repayment of borrowings	(200)	(3,092)	(3,292)
Shares issued for cash	309	-	309
Distribution to non-controlling interest	-	(3,124)	(3,124)
Dividends paid	(2,141)	-	(2,141)
Net cash outflow from financing activities	(32)	(5,196)	(5,228)
Net increase in cash and cash equivalents	6,395	610	7,005
Add opening cash and cash equivalents	8,717	4,105	12,822
Closing cash and cash equivalents as per consolidated interim statement of financial position	15,112	4,715	19,827
Reconciliation of closing cash and cash equivalents to the balance sheet:			
Cash and cash equivalents	15,112	4,715	19,827
Closing cash and cash equivalents	15,112	4,715	19,827

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As previously reported March 2012	Impact of adopting IFRS 10	Re-presented March 2012
Equity			
Share capital	51,227	-	51,227
Retained earnings	11,199	(758)	10,441
Total equity attributable to shareholders of the Parent	62,426	(758)	61,668
Non-controlling interest	-	915	915
Total equity	62,426	157	62,583
Current assets			
Cash and cash equivalents	8,717	4,105	12,822
Trade and other receivables	8,563	4,214	12,777
Inventories	6,508	16,597	23,105
Advances to equity accounted investments	1,002	(1,002)	-
Total current assets	24,790	23,914	48,704
Non-current assets			
Property, plant and equipment	2,617	8,918	11,535
Intangible assets	21,283	25,778	47,061
Deferred tax asset	1,548	869	2,417
Advances to equity accounted investments	823	(823)	-
Equity accounted group investments	32,081	(31,055)	1,026
Total non-current assets	58,352	3,687	62,039
Total assets	83,142	27,601	110,743
Current liabilities			
Payables and accruals	14,605	17,703	32,308
Income taxes payable	1,053	747	1,800
Borrowings	-	2,706	2,706
Total current liabilities	15,658	21,156	36,814
Non-current liabilities			
Unamortised future income	58	647	705
Borrowings	5,000	5,641	10,641
Total non-current liabilities	5,058	6,288	11,346
Total liabilities	20,716	27,444	48,160
Net assets	62,426	157	62,583

GROUP ENTITIES

For the year ended 31 March 2014

The current Green Cross Health Limited group structure comprises 95 companies. The Group entities are as follows:

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

Controlled entities	Holding	Activity
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	49.0%	Pharmacy
Life Pharmacy Albany Limited	48.5%	Pharmacy
Life Pharmacy Centre Place (2009) Limited	48.5%	Pharmacy
Life Pharmacy Limited	100.0%	Non-trading
Life Pharmacy Sylvia Park Limited	49.0%	Pharmacy
Life Pharmacy Trustee Company Limited	100.0%	Non-trading
Life Pharmacy Wall Street Dunedin Limited	49.1%	Pharmacy
Manawatu Pharmacies Limited	49.0%	Pharmacy
Manukau Pharmacy (2011) Limited	49.1%	Pharmacy
Moorhouse Pharmacy 2003 Limited	25.0%	Pharmacy
Neil Webber Pharmacy Limited	100.0%	Non-trading
Northlands Pharmacy (2003) Limited	49.0%	Pharmacy
Onehunga Medical 2012 Limited	100.0%	Medical centre
Palms Pharmacy (2013) Limited	48.6%	Pharmacy
Pharmacy 277 Limited	49.1%	Pharmacy
Pharmacy Management Limited	100.0%	Investment
Pharmacy Store Holdings Limited	100.0%	Investment
Pharmacybrands Direct Limited	100.0%	Pharmacy
Pharmacybrands Limited	100.0%	Non-trading
Pharmacybrands On-line Limited	100.0%	Non-trading
Porirua Pharmacy (2006) Limited	100.0%	Non-trading
Radius Medical Limited	100.0%	Investment
Radius Medical Solutions Limited	100.0%	Services to medical centre
Radius Pharmacy Greenmeadows Limited	49.0%	Pharmacy
Radius Pharmacy Limited	100.0%	Franchisor and Investment
Radius Pharmacy Lower Hutt Limited	48.5%	Pharmacy
Radius Pharmacy Napier Limited	48.8%	Pharmacy
Radius Pharmacy Riccarton Limited	49.0%	Pharmacy
Radius Pharmacy Te Rapa Limited	48.8%	Pharmacy
Radius Pharmacy Upper Hutt Limited	49.0%	Pharmacy
Radius Pharmacy Waikanae Limited	25.0%	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 Medical Management Limited	25.0%	Pharmacy
Shirley Pharmacy Limited	100.0%	Pharmacy
Shore City Pharmacy (2010) Limited	48.5%	Pharmacy
Shore City Pharmacy Limited	100.0%	Non-trading
Sinel-Francis Pharmacy Tauranga Limited	49.0%	Pharmacy
Smart Pharmacy Limited	100.0%	Non-trading
St Lukes Pharmacy Holdings Limited	49.0%	Pharmacy
Stokes Valley Pharmacy (2009) Limited	48.5%	Pharmacy
Tauranga Pharmacy (2012) Limited	48.6%	Pharmacy



Controlled entities	Holding	Activity
Timaru Pharmacy (2013) Limited	48.5%	Pharmacy
Tower Junction Pharmacy Limited	48.5%	Pharmacy
Unichem Chemists (N.Z.) Limited	100.0%	Non-trading
Upper Hutt Health Centre Pharmacy Limited	25.0%	Pharmacy
Upper Riccarton Pharmacy Limited	25.0%	Pharmacy
Waiuku Medical Pharmacy (2010) Limited	48.5%	Pharmacy
Waiuku Pharmacy (2005) Limited	46.6%	Pharmacy
West City Pharmacy (2010) Limited	48.5%	Pharmacy
Willis Street Pharmacy Limited	25.0%	Pharmacy
Joint Venture entities		
Motueka Medical (2013) Limited	50.0%	Medical centre
Pharmacies Instore Limited	50.0%	Retail
Total Care Health Services Limited	50.0%	Health services
Associate entities		
Radius Medical Whakatane Properties Limited	50.0%	Medical centre
Silverstream Health Centre Limited	10.0%	Medical centre
Team Medical at Kapiti Limited	48.8%	Medical centre
The Doctors (Hastings) Limited	34.2%	Medical centre
The Doctors (Mangere) Limited	25.1%	Medical centre
The Doctors (Napier) Limited	25.1%	Medical centre
The Doctors (New Lynn) Limited	30.8%	Medical centre
Total Health Doctors Limited	42.3%	Medical centre
Walls & Roche Royal Oak Pharmacy Limited	25.1%	Pharmacy



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COMPANY DIRECTORY

As at 31 March 2014

Registered Office

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

Board

P M Merton

Chairman

P Davies

Non-Executive Director

J A Bagnall

Non-Executive Director

J B Bolland

Non-Executive Director

M S Vuksich

Non-Executive Director

I G S Sharp

Independent Director

K R Rushbrook

Independent Director

K Orr

Independent Director

Board Secretary

J H Greenwood BCom, FCA

Green Cross Health Ltd
Private Bag 11 906
Ellerslie, Auckland 1542

Auditor

KPMG

KPMG Centre
18 Viaduct Harbour Avenue
Auckland

Websites

www.greencrosshealth.co.nz
www.life-pharmacy.co.nz
www.unichem.co.nz
www.livingrewards.co.nz

Management

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grant.bai@greencrosshealth.co.nz

A Isbister

CEO, Radius Medical Group
adri.isbister@radiusmedical.co.nz

Bankers

Bank of New Zealand

Deloitte Centre, Level 6
80 Queen Street
Auckland City 1142

ANZ National Bank Limited

The National Bank Tower
209 Queen Street
Auckland 1010

Share Registrar

Computershare Investor Services Limited

Private Bag 92119
Auckland 1142
159 Hurstmere Road
Takapuna, Auckland 0622

Managing your shareholding online:

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

General enquiries can be directed to:

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

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





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