



HALF YEAR REPORT 2014





Green Cross Health

Welcome to Green Cross Health, a provider of primary health care services to communities the length and breadth of New Zealand. We are passionate about supporting the health and wellness of New Zealanders through our network of experts in pharmacies, medical centres and community care services.

Company Info

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Pharmacy: Unichem, life Pharmacy

Medical: the doctors

Community Care: Social Care Health Services



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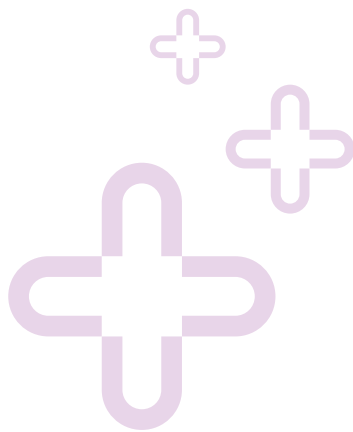
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CHAIRMAN'S REPORT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

We are pleased with the progress that the overall business has experienced during the last six months. Our strategy of being an integrated primary care provider remains a key focus for the Board. The recently announced acquisition of Access Homehealth Limited is another important step in that process. We also continued to invest in our medical and pharmacy divisions with the acquisition of two pharmacies during the period, and in October 2014 Peak Primary Limited.

The rebranding of our pharmacies to Life Pharmacy and Unichem has gone well and is almost complete. This along, with the launching of our new loyalty rewards programme provides a platform for the pharmacy division to build on in the future.



FINANCIAL HIGHLIGHTS:

Pharmacy retail sales growth from all stores is up by 5% vs same period last year
Net cash inflows from operating activities was \$7.6m
Medical profit is up by 18%
Dividend for the six months is 3.5 cents per share payable in December 2014.

BUSINESS HIGHLIGHTS:

Pharmacy membership in the group has increased to an all-time high of 307 pharmacies
Two distinct brands, Life Pharmacy and Unichem have been successfully established
Our Living Rewards customer engagement programme has grown to include more than 800,000 members with 718,880 transacting since 1 April 2014
Medical growth has been achieved through organic patient number increases
Renaming our medical business Green Cross Health – Medical Division, has aligned it with the group name and strategic direction
The recent announcement of the acquisition of Access Homehealth Limited gives Green Cross Health a significant presence in community and home health care.

PHARMACY DIVISION

Our pharmacy retail sales are up 2.3% and dispensary sales have risen by 1.0% on a same store basis. The key drivers for this have been the rebranding of our pharmacies with all but a handful of pharmacies now under the Life Pharmacy and Unichem brands. The impact of our Living Rewards customer engagement programme has been very positive and we have exceeded expectations with customer sign-ups. We now have more than 800,000 members, with 718,880 transacting since 1 April 2014.

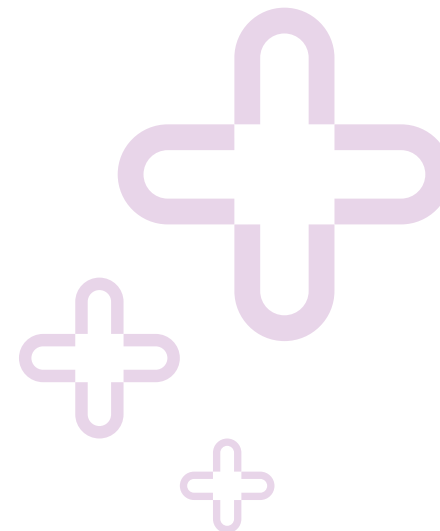
Pharmacy profits are slightly lower compared to the previous year as resources have been focused on successfully driving top line sales growth via increased investment in the Living Rewards programme and marketing. We have also had lower than projected contributions from a few of our recently acquired pharmacies.

MEDICAL DIVISION

The medical division growth has been achieved through the organic growth in patient numbers. We also acquired Peak Primary's 11 GP practices in October 2014. The acquisition will increase our medical division turnover by \$26m, and the number of patients by 86,000. In addition we have increased our management service agreements by six, which now gives us a total of 49 medical centre sites.

COMMUNITY HEALTH

We recently announced the acquisition of Access Homehealth Limited, which has 4,000 employees and will add approximately \$85m in revenues to the Green Cross Health group. This will give us a significant presence in home health care and complements our 50% investment in Total Care Health. This gives us the opportunity to fulfil our goal of delivering improved health care for New Zealanders.



DIVIDEND

The Directors have resolved to pay a fully imputed final dividend of 3.5 cents per share to shareholders on the register as at 5pm on 9 December 2014. The dividend will be paid on 19 December 2014. The dividend reinvestment plan continues to operate.

For and on behalf of the Board

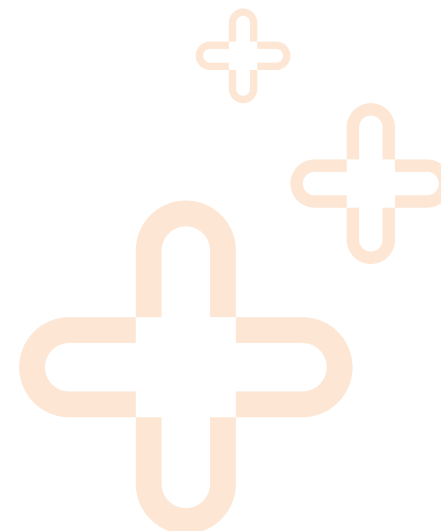
Handwritten signature of Peter Merton in black ink.

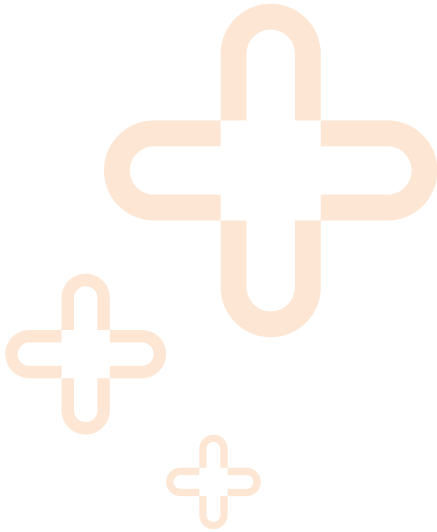
Peter Merton
Chairman

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Six months ended 30 Sep 2014 (Unaudited) \$'000	Six months ended 30 Sep 2013 (Unaudited) \$'000
Revenue	134,798	126,979
Cost of sales	77,695	71,651
Gross margin	57,103	55,328
Share of equity accounted net earnings	455	322
Operating expenditure		
Lease costs	6,875	6,399
Depreciation and amortisation	2,029	2,134
Employee benefit expense	28,286	26,694
Other expenditure	8,142	7,863
	45,332	43,090





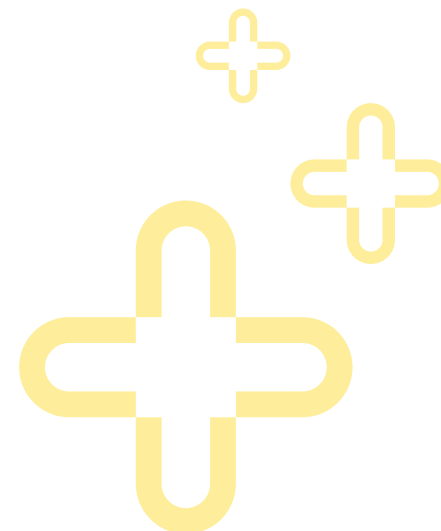
	Six months ended 30 Sep 2014 (Unaudited) \$'000	Six months ended 30 Sep 2013 (Unaudited) \$'000
Operating profit before interest and tax	12,226	12,560
Net interest	136	(119)
Profit before tax	12,362	12,441
Tax expense	(3,403)	(3,466)
Profit and total comprehensive income for the period	8,959	8,975
Profit after tax and total comprehensive income for the period attributable to:		
Shareholders of the Parent	6,941	7,082
Non-controlling interest	2,018	1,893
Earnings per share:		
Basic earnings per share (cents)	5.29	5.60
Diluted earnings per share (cents)	5.27	5.59

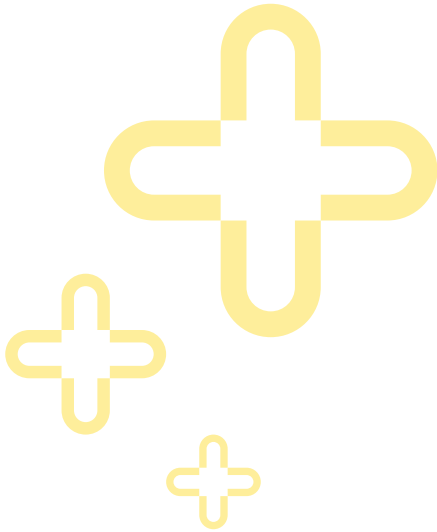
The consolidated interim financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

September 2014	Note	Share capital \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
As at 1 April 2014		63,289	23,228	2,898	89,415
Profit and total comprehensive income for the period			6,941	2,018	8,959
Transactions with owners, recorded directly in equity					
Issue of shares	6	3,126			3,126
Dividends to shareholders	7		(4,564)		(4,564)
Distributions to non-controlling interests				(1,169)	(1,169)
Impact of other transactions with non-controlling interests			(1,684)	(149)	(1,833)
Share scheme amortisation	6	32			32
As at 30 September 2014		66,447	23,921	3,598	93,966





September 2013		Share capital \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
As at 1 April 2013		56,182	16,933	1,774	74,889
Profit and total comprehensive income for the period			7,082	1,893	8,975
Transactions with owners, recorded directly in equity					
Issue of shares	6	3,415			3,415
Dividends to shareholders			(4,367)		(4,367)
Distributions to non-controlling interests				(1,468)	(1,468)
Impact of other transactions with non-controlling interests			(13)	(38)	(51)
Share scheme amortisation		51			51
As at 30 September 2013		59,648	19,635	2,161	81,444

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

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

	Note	As at 30 Sep 2014 (Unaudited) \$'000	As at 31 Mar 2014 (Audited) \$'000
Current assets			
Cash and cash equivalents		22,797	25,274
Trade and other receivables		13,095	10,266
Inventories		25,824	23,769
Total current assets		61,716	59,309
Non-current assets			
Property, plant and equipment		10,090	9,531
Intangible assets		60,381	56,873
Deferred tax asset		2,721	2,719
Equity accounted group investments		6,512	6,028
Total non-current assets		79,704	75,151
Total assets		141,420	134,460





	As at 30 Sep 2014 (Unaudited) \$'000	As at 31 Mar 2014 (Audited) \$'000
Current liabilities		
Payables and accruals	36,057	32,688
Income taxes payable	806	2,876
Borrowings	3,300	3,137
Total current liabilities	40,163	38,701
Non-current liabilities		
Unamortised future income	143	190
Borrowings	7,148	6,154
Total non-current liabilities	7,291	6,344
Total liabilities	47,454	45,045
Net assets	93,966	89,415
Equity		
Share capital	6	66,447
Retained earnings	23,921	23,228
Total equity attributable to shareholders of the parent	90,368	86,517
Non-controlling interest	3,598	2,898
Total equity	93,966	89,415

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

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Note	Six months ended 30 Sep 2014 (Unaudited) \$'000	Six months ended 30 Sep 2013 (Unaudited) \$'000
Cash flows from operating activities			
Equity accounted investee dividend received		376	192
Receipts from customers		131,995	127,681
Payments to suppliers and employees		(119,435)	(113,293)
Net interest received / (paid)		136	(119)
Income taxes paid		(5,475)	(4,660)
Net cash inflow from operating activities	8	7,597	9,801
Cash flows from investing activities			
Purchases of property, plant, equipment and software intangibles		(2,374)	(1,868)
Acquisition of interests in subsidiaries and associates		(6,450)	(5,405)
Net cash outflow from investing activities		(8,824)	(7,273)





	Note	Six months ended 30 Sep 2014 (Unaudited) \$'000	Six months ended 30 Sep 2013 (Unaudited) \$'000
Cash flows from financing activities			
Proceeds from new borrowings		3,078	2,940
Repayment of borrowings		(1,921)	(1,714)
Shares issued for cash	6	115	484
Dividends paid - shareholders		(1,559)	(1,436)
Net distributions to non-controlling interests		(963)	(1,468)
Net cash outflow from financing activities		(1,250)	(1,194)
Net (decrease) / increase in cash and cash equivalents		(2,477)	1,334
Add opening cash and cash equivalents		25,274	19,827
Closing cash and cash equivalents as per consolidated interim statement of financial position		22,797	21,161

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



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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 a Financial Markets Conduct Act 2013 reporting entity in terms of the Financial Reporting Act 2013 and a profit orientated entity.

From 1 April 2014, the new Financial Reporting Act 2013 has come into force replacing the Financial Reporting Act 1993. This will be effective for the Parent's 31 March 2015 year end. The change in legislation has no impact on the Parent's requirement to prepare general purpose financial statements.

In addition to the change in legislation, the External Reporting Board of New Zealand (the "XRB") has released a new accounting standards framework which establishes the financial standards to be applied to entities with statutory reporting obligations. Under the new XRB framework, management will continue to apply NZ IFRS as applicable for Tier 1 for-profit entities. This is expected to have no material impact on the preparation and disclosures included in the financial statements.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) STATEMENT OF COMPLIANCE

These consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), NZ IAS 34 Interim Financial Reporting, and other applicable Financial Reporting Standards as appropriate for profit oriented entities. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2014.

The consolidated interim financial statements for the six months ended 30 September 2014 and the comparative information for the six months ended 30 September 2013 are unaudited.

(b) BASIS OF MEASUREMENT

The financial statements of the Group are prepared under the historical cost basis unless otherwise noted within the specific accounting policies below.

(c) CHANGES IN ACCOUNTING POLICIES

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2014. The Group has not applied any standards, amendments to standards and interpretations that are not yet effective.

(d) COMPARATIVES

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





3. ACCOUNTING ESTIMATES AND JUDGMENTS

In authorising the consolidated interim financial statements for the six months ended 30 September 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 period for all Group entities for the purposes of preparing the consolidated interim financial statements. Inherent in the application of certain accounting policies, judgments and estimates are required. The Directors note that the actual results may differ from the judgments and estimates made.

4. SEGMENT REPORTING

The Group has 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.

4. Segment reporting (continued)

September 2014	Pharmacy retail services \$'000	Medical services \$'000	Intersegment eliminations \$'000	Total \$'000
External revenues	127,606	7,192	-	134,798
Share of profit of equity accounted investees	165	290	-	455
Net interest income / (expense)	185	(49)	-	136
Depreciation and amortisation	(1,922)	(107)	-	(2,029)
Segment profit before income tax	11,073	1,289	-	12,362
Tax expense	(3,132)	(271)	-	(3,403)
Profit after tax	7,941	1,018	-	8,959
Segment assets	132,926	13,120	(4,626)	141,420
Segment liabilities	43,004	9,076	(4,626)	47,454
September 2013				
External revenues	121,449	5,530	-	126,979
Share of profit of equity accounted investees	38	284	-	322
Net interest expense	(92)	(27)	-	(119)
Depreciation and amortisation	(2,073)	(61)	-	(2,134)
Segment profit before income tax	11,354	1,087	-	12,441
Tax expense	(3,243)	(223)	-	(3,466)
Profit after tax	8,111	864	-	8,975
Segment assets	122,140	12,408	(4,222)	130,326
Segment liabilities	44,180	8,924	(4,222)	48,882



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1922

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Unichem⁺

Rototuna Pharmacy

- pathlab
- ultras
- podiatry

Unichem⁺





5. BUSINESS COMBINATIONS

No individually material acquisitions have been made for the six months ended 30 September 2014.

6. SHARE CAPITAL

	As at 30 Sep 2014 (Unaudited) \$'000	As at 31 Mar 2014 (Unaudited) \$'000
Opening balance	63,289	56,182
Share capital issued	3,126	6,952
Share scheme amortisation	32	155
	66,447	63,289

SHARE CAPITAL ISSUED FOR THE PERIOD ENDED 30 SEPTEMBER 2014

On 4 June 2014 133,332 redeemable ordinary shares were converted into 133,332 ordinary shares at \$0.69 per share. On 6 June 2014 33,334 redeemable ordinary shares were converted into 33,334 ordinary shares at \$0.69 per share. On 20 June 2014 Green Cross Health Limited allotted 1,940,065 fully paid ordinary shares at \$1.552 per share on reinvestment of dividend under the Dividend Reinvestment Plan.

7. DISTRIBUTION TO OWNERS

On the 20 June 2014 Green Cross Health Limited paid a dividend of 3.5 cents per qualifying ordinary share to shareholders fully imputed to 28%.

8. OPERATING CASH FLOWS RECONCILIATION

	Six months ended 30 Sep 2014 (Unaudited) \$'000	Six months ended 30 Sep 2013 (Unaudited) \$'000
Profit for the period	8,959	8,975
Add/(deduct) non-cash items:		
Equity accounted profits (net of dividends received)	(79)	(130)
Depreciation & asset write-off	2,029	2,134
Amortisation of lease incentive	(46)	(83)
Deferred tax	(2)	84
Share scheme amortisation	32	51
Add/(deduct) changes in working capital items:		
Receivables and accruals	(2,803)	(246)
Inventory	(1,765)	(358)
Payables and accruals	1,272	(626)
Net cash inflow from operating activities	7,597	9,801

9. SUBSEQUENT EVENTS

On 25 November 2014 Green Cross Health Limited declared dividends of 3.5 cents per qualifying ordinary share fully imputed to 28%.

On 29 October 2014 Green Cross Health completed the acquisition of Peak Primary Limited. The initial earnings contribution to Green Cross Health from this acquisition will be immaterial to the group result at a NPAT level. The initial accounting for the transaction is still being finalised.

On 17 November 2014 Green Cross Health announced the acquisition of Access Homehealth Limited for \$11.25 million plus assumed debt of \$6.5 million. The initial accounting for the transaction is still being finalised.

No adjustments are required to these consolidated interim financial statements in respect of these events.



COMPANY DIRECTORY

Registered Office

Green Cross Health Ltd
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www.greencrosshealth.co.nz

BOARD

P M Merton

Chairman

J A Bagnall

Non-Executive Director

J B Bolland

Non-Executive Director

P Davies

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

MANAGEMENT

G Bai

Chief Executive Officer
Green Cross Health - Pharmacy

D Collins

Chief Financial Officer

A Isbister

Chief Executive Officer
Green Cross Health - Medical

AUDITOR

KPMG

KPMG Centre
18 Viaduct Harbour Avenue
Auckland City
Auckland

BANKERS

ANZ National Bank Limited

The National Bank Tower
209 Queen Street
Auckland 1010

Bank of New Zealand

Deloitte Centre
80 Queen Street
Auckland 1010

SHARE REGISTRAR

Computershare Investor Services Limited

Private Bag 92119
Auckland 1142
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Please assist our registrar by quoting
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