



Interim Report 2010

EBOS is for life



One of the leading independent distributors of healthcare, medical and scientific products in Australasia.

www.ebos.co.nz

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Financial Highlights

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Revenue	697,231	691,568	1,344,946
EBITDA	21,409	18,104	38,711
Profit before income tax expense	16,499	12,065	26,777
Profit attributable to members of the parent entity	11,722	8,483	19,727
Net cash inflow/(outflow) from operating activities	12,703	(1,829)	33,310
Shareholders' interest	172,702	150,630	162,039
Earnings per share	23.7c	17.8c	41.1c
Interest cover	6.6	3.9	4.4
Net interest bearing debt to net interest bearing debt plus equity	14.6%	32.1%	19.6%

Shareholder Calendar

Interim dividend payable	April 2010
Release of full year result	Late August 2010
Final dividend payable	Late October 2010
Annual General Meeting	21 October 2010

EBOS Group Limited Directors' Report

Strong first half result for EBOS

EBOS has continued the trend of successive record results, achieved from improvements within its core businesses.

Net profit after tax for the six months to 31 December 2009 was \$11.7 million, up 38.2% on the six months to 31 December 2008.

EBITDA was \$21.4 million, an 18.2% increase on the prior year.

Earnings per share for the half year increased by 5.9 cents to 23.7 cents. Operating cash flow was a positive \$12.7 million for the half.

Highlights

- Both the Healthcare and Scientific business segments recorded increased profitability.
- Australia again recorded strong profit growth.
- Debt reduction, resulting in lowered funding costs, and efficiency drives to be highly cost competitive both contributed to the improved result.
- The result was achieved in a still difficult economic environment where capital expenditure on equipment remained modest.
- Our continued investment in automation and technology has improved operating efficiency.

Outlook

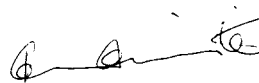
The Health and Science sectors in which we operate will continue to be the focus of government attention in both of our key geographies due to the national importance and the cost to tax payers. We believe that our group is ideally placed to work with governments to assist with system changes through our logistics and I.T. expertise.

Our desire to grow, both generically and by acquisition, continues unabated.

Bonus share issue distribution

Shareholder support for our bonus share plan, as an alternative to a dividend payout, remains high.

The directors have approved a bonus share distribution of 13.5 cents per share for the half year (up from 10.5 cents per share for the corresponding period last year), to be issued on 13 April 2010. The record date for the bonus share distribution is 12 March 2010. Shareholders have the option to have these shares purchased back by the company for cash.



Rick Christie
Chairman



Mark Waller
Chief Executive and Managing Director

EBOS Group Limited
Consolidated Income Statement
For the Six Months ended 31 December 2009 (unaudited)

	Notes	Six Months 31 Dec 09 \$'000	Six Months 31 Dec 08 \$'000	Year Ended 30 Jun 09 \$'000
Revenue	2(a)	697,231	691,568	1,344,946
Profit before depreciation, amortisation, finance costs and income tax expense		21,409	18,104	38,711
Depreciation	2(b)	(1,721)	(1,620)	(3,364)
Amortisation of finite life intangibles	2(b)	(252)	(322)	(644)
Profit before finance costs and tax		19,436	16,162	34,703
Finance costs	2(b)	(2,937)	(4,097)	(7,926)
Profit before income tax expense		16,499	12,065	26,777
Income tax expense	2(b)	(4,777)	(3,582)	(7,050)
Profit for the period attributable to equity holders		11,722	8,483	19,727

Earnings per share

Basic (cents per share)	23.7	17.8	41.1
Diluted (cents per share)	23.7	17.8	41.1

Calculated on a weighted average basis of the number of shares on issue.

EBOS Group Limited
Consolidated Statement Of Changes In Equity
For the Six Months ended 31 December 2009 (unaudited)

	Notes	Six Months 31 Dec 09 \$'000	Six Months 31 Dec 08 \$'000	Year Ended 30 Jun 09 \$'000
Equity at start of period		162,039	147,304	147,304
Total comprehensive income net of tax for the period		12,515	4,830	17,443
Dividends paid to company shareholders	4	(1,852)	(1,504)	(2,817)
Shares issued	3	-	-	109
Equity at end of period		172,702	150,630	162,039

EBOS Group Limited
**Consolidated Statement
Of Comprehensive Income**
For the Six Months ended 31 December 2009 (unaudited)

	Notes	Six Months 31 Dec 09 \$'000	Six Months 31 Dec 08 \$'000	Year Ended 30 Jun 09 \$'000
Profit for the period		11,722	8,483	19,727
Other comprehensive income				
Cash flow hedges gains/(losses)		1,016	(2,997)	(2,555)
Related income tax		(305)	861	729
Gains/(losses) on translation of foreign operations		82	(1,517)	(458)
Total comprehensive income net of tax attributable to equity holders		12,515	4,830	17,443

EBOS Group Limited
Consolidated Balance Sheet

As at 31 December 2009 (unaudited)

	Six months 31 Dec 09	Six months 31 Dec 08	Year ended 30 Jun 09
Notes	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	40,996	12,712	33,609
Trade and other receivables	150,566	162,620	150,720
Prepayments	1,601	923	2,203
Inventories	143,532	140,713	127,380
Current tax refundable	1,483	2,712	562
Other financial assets – derivatives	-	267	-
Finance leases	102	109	108
Total current assets	338,280	320,056	314,582
Non-current assets			
Property, plant and equipment	18,656	19,490	19,444
Capital work in progress	30	434	-
Finance leases	29	86	57
Prepayments	691	1,016	856
Deferred tax assets	4,684	4,552	6,540
Goodwill	133,931	133,331	133,915
Indefinite life intangibles	23,732	23,676	23,730
Finite life intangibles	457	1,030	709
Total non-current assets	182,210	183,615	185,251
Total assets	520,490	503,671	499,833
Current liabilities			
Bank overdraft	-	513	3
Trade and other payables	253,227	246,049	239,457
Finance leases	359	347	551
Bank loans	-	2,500	2,250
Current tax payable	4,848	2,273	3,678
Employee benefits	5,618	4,227	4,767
Other financial liabilities – derivatives	1,886	3,253	3,550
Total current liabilities	265,938	259,162	254,256
Non-current liabilities			
Bank loans	70,022	80,121	70,000
Trade and other payables	4,748	5,283	4,936
Deferred tax liabilities	6,062	7,119	7,612
Finance leases	181	556	186
Employee benefits	837	800	804
Total non-current liabilities	81,850	93,879	83,538
Total liabilities	347,788	353,041	337,794
Net assets	172,702	150,630	162,039
Equity			
Share capital	3 105,861	105,752	105,861
Foreign currency translation reserve	1,668	527	1,586
Retained earnings	66,425	46,624	56,555
Cash flow hedge reserve	(1,252)	(2,273)	(1,963)
Total equity	172,702	150,630	162,039

EBOS Group Limited
Consolidated Cash Flow Statement

For the Six Months ended 31 December 2009 (unaudited)

	Six months 31 Dec 09	Six months 31 Dec 08	Year ended 30 Jun 09
Notes	\$'000	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers	696,985	678,519	1,343,550
Interest received	345	40	878
Payments to suppliers and employees	(677,159)	(673,462)	(1,298,807)
Taxes paid	(4,531)	(2,829)	(4,385)
Interest paid	(2,937)	(4,097)	(7,926)
Net cash inflow/(outflow) from operating activities	5 12,703	(1,829)	33,310
Cash flows from investing activities			
Sale of property, plant & equipment	81	2,721	2,969
Purchase of property, plant & equipment	(1,229)	(747)	(1,867)
Payments for capital work in progress	-	(434)	(916)
Businesses acquired	-	(1,452)	(1,452)
Net cash (outflow)/inflow from investing activities	(1,148)	88	(1,266)
Cash flows from financing activities			
Proceeds from issue of shares	3 -	-	109
Proceeds from borrowings	-	800	-
Repayment of borrowings	(2,250)	(1,250)	(11,600)
Dividends paid to equity holders of parent	(1,852)	(1,504)	(2,817)
Net cash (outflow) from financing activities	(4,102)	(1,954)	(14,308)
Net increase/(decrease) in cash held	7,453	(3,695)	17,736
Effect of exchange rate fluctuations on cash held	(63)	35	11
Net cash and cash equivalents at beginning of period	33,606	15,859	15,859
Net cash and cash equivalents at end of period	40,996	12,199	33,606
Cash and cash equivalents	40,996	12,712	33,609
Bank overdrafts	-	(513)	(3)
	40,996	12,199	33,606

1. FINANCIAL STATEMENTS

The unaudited interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) "Interim Financial Reporting" and the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

The same accounting policies and methods of computation are applied in the interim financial statements as were applied in the financial statements for the year ended 30 June 2009. These financial statements should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 30 June 2009. The information is presented in thousands of New Zealand dollars.

2. PROFIT FROM OPERATIONS

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
(a) Revenue			
Revenue consisted of the following items:			
Revenue from the sale of goods	693,040	686,105	1,334,458
Revenue from the rendering of services	2,904	3,871	6,469
Management fees	828	1,369	2,638
Interest revenue	345	40	878
Other revenue	114	183	503
	<u>697,231</u>	<u>691,568</u>	<u>1,344,946</u>
(b) Profit before income tax expense			
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from operations:			
Gain on sale of property, plant and equipment	13	294	301
Change in fair value of derivative financial instruments classified at fair value through profit or loss	646	273	(736)
Profit before income tax has been arrived at after (charging) the following expenses by nature:			
Cost of sales	(618,337)	(615,109)	(1,192,969)
Write-down of inventory	-	-	(2,097)
Finance costs:			
Bank interest	(2,609)	(3,893)	(7,371)
Other interest expense	(328)	(204)	(555)
Total finance costs	<u>(2,937)</u>	<u>(4,097)</u>	<u>(7,926)</u>
Net bad and doubtful debts arising from:			
Impairment loss on trade & other receivables	(262)	-	(549)
Depreciation of property, plant & equipment	(1,721)	(1,620)	(3,364)
Amortisation of finite life intangibles	(252)	(322)	(644)
Operating lease rental expenses:			
Minimum lease payments	(3,823)	(3,712)	(7,029)
Donations	(38)	(22)	(42)
Employee benefit expense	(28,098)	(29,390)	(59,762)
Other expenses	(25,923)	(25,798)	(43,352)
Total expenses	<u>(681,391)</u>	<u>(680,070)</u>	<u>(1,317,734)</u>
Profit before income tax expense	<u>16,499</u>	<u>12,065</u>	<u>26,777</u>

3. SHARE CAPITAL

On 2 October 2009 the Company issued 900,548 bonus shares under a Profit Distribution Plan bringing the number of shares on issue at 31 December 2009 to 49,881,347 (2008 48,136,819).

4. DIVIDENDS

	Six months 31 Dec 09		Six months 31 Dec 08		Year ended 30 Jun 09	
	Cents per share	Total \$'000	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts						
Fully paid ordinary shares						
· Final – prior year	14.5	1,852	13.5	1,504	13.5	1,504
· Interim – current year	-	-	-	-	10.5	1,313
	14.5	1,852	13.5	1,504	24.0	2,817
Unrecognised amounts						
Final dividend	-	-	-	-	14.5	1,852
Interim dividend	13.5	1,684	10.5	1,313	-	-
	13.5	1,684	10.5	1,313	14.5	1,852

5. NOTES TO THE CASH FLOW STATEMENT

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Reconciliation of profit for the period with cash flows from operating activities			
Profit for the period	11,722	8,483	19,727
Add/(less) non-cash items:			
Depreciation	1,721	1,620	3,364
(Gain) on sale of property, plant & equipment	(13)	(294)	(301)
Amortisation of finite life intangibles	252	322	644
(Gain)/loss on derivatives/financial instruments	(646)	(273)	736
Deferred tax	(3)	(376)	(2,003)
Provision for doubtful debts	262	(76)	416
	1,573	923	2,856
Movements in working capital:			
Trade and other receivables	(108)	(12,118)	(710)
Finance lease receivables	34	28	58
Prepayments	767	2,026	906
Inventories	(16,152)	(14,009)	(676)
Current tax refundable/payable	249	1,103	4,658
Trade and other payables	13,582	12,975	6,036
Employee benefits	884	176	720
Foreign currency effect on translation of opening working capital balances	152	(1,655)	(504)
	(592)	(11,474)	10,488
Movements in items treated as investing activities	-	239	239
Net cash inflow/(outflow) from operating activities	12,703	(1,829)	33,310

6. SEGMENT INFORMATION

(a) Adoption of NZ IFRS 8 Operating Segments

NZ IFRS 8 replaces NZ IAS 14 Segment Reporting. It requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes.

Following the adoption of NZ IFRS 8, the identification of the Group's reportable segments has not changed.

(b) Products and services from which reportable segments derive their revenues

The Group's reportable segments under IFRS 8 are as follows:

Healthcare: Incorporates the sale of healthcare products in a range of sectors, own brands, retail healthcare and wholesale activities.

Scientific: Incorporates the sale of laboratory consumables, life sciences, equipment and technical support to industry and research laboratories.

(c) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Revenue			
Healthcare	666,967	657,321	1,278,201
Scientific	30,264	34,247	66,745
	697,231	691,568	1,344,946
Segment result			
Healthcare	18,904	17,398	34,278
Scientific	2,505	706	4,433
	21,409	18,104	38,711
Depreciation	(1,721)	(1,620)	(3,364)
Amortisation of finite life intangibles	(252)	(322)	(644)
Finance costs	(2,937)	(4,097)	(7,926)
Income tax expense	(4,777)	(3,582)	(7,050)
Profit for the period	11,722	8,483	19,727

The accounting policies of the reportable segments are consistent with the Group's accounting policies. Segment result represents profit before depreciation, amortisation, finance costs and tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION (continued)

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
(d) Segment assets			
Healthcare	479,719	458,607	455,055
Scientific	40,771	45,064	44,778
	520,490	503,671	499,833

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of revenues earned by individual reportable segments.

(e) Revenues from major products and services

The Group's major products and services are the same as the reportable segments i.e. healthcare and scientific. Revenues are reported above under 6 (c) Segment revenues and results.

(f) Geographical information

The Group operates in two principal geographical areas; New Zealand (country of domicile) and Australia.

The Group's revenue from external customers by geographical location (of the reportable segment) and information about its segment assets (non-current assets excluding financial instruments and deferred tax assets are detailed below):

	Six months 31 Dec 09 \$'000	Six months 31 Dec 08 \$'000	Year ended 30 Jun 09 \$'000
Revenue from external customers			
New Zealand	614,837	609,412	1,173,852
Australia	82,394	82,156	171,094
	697,231	691,568	1,344,946
Non-current assets			
New Zealand	148,884	150,799	149,772
Australia	28,613	28,178	28,882
	177,497	178,977	178,654

(g) Information about major customers

No revenues from transactions with a single customer amount to 10% or more of the Group's revenues (December 2008: Nil, June 2009: Nil).

7. BANK FACILITY

As at 31 December 2009 EBOS Group had in place a \$113,000,000 (December 2008: \$123,000,000, June 2009: \$115,000,000) facility on an unsecured negative pledge basis maturing August 2011 with ANZ National Bank Limited. EBOS Group fully complies with and operates within the financial covenants under the negative pledge arrangements with its banker.

EBOS Group Limited Directory

Corporate Office

108 Wrights Road
PO Box 411
CHRISTCHURCH
Telephone (03) 338-0999
Fax (03) 339-5111
E-mail: ebos@ebos.co.nz
Internet: www.ebos.co.nz

Other Locations

Auckland Office
243-249 Bush Road
PO Box 302-161
Albany, Auckland
NEW ZEALAND

Subsidiaries

PRNZ Limited
54 Carbine Road
Mt Wellington
Auckland
NEW ZEALAND

Health Support Limited
56 Carrington Road, Pt Chevalier
Auckland
NEW ZEALAND

EBOS Group Pty Limited &
EBOS Health & Science Pty Limited
Unit 2, 109 Vanessa Street
Kingsgrove, NSW 2208
AUSTRALIA

Vital Medical Supplies (Australia)
Pty Limited
Unit 29-31, 276-278 Newline Road
Dural, NSW 2158
AUSTRALIA

Global Science & Technology Limited
241 Bush Road, Albany
Auckland
NEW ZEALAND

Quantum Scientific Pty Limited
31 Archimedes Place
Murarie, Qld
AUSTRALIA

EBOS Health & Science (PNG) Limited
GB House, Kunai Street
Hohola, Waigani NCD
PAPUA NEW GUINEA

Directors

Rick Christie
Chairman

Mark Waller
Chief Executive and Managing Director

Peter Kraus
Deputy Chairman

Elizabeth Coutts

Peter Merton

Sarah Ottrey

Barry Wallace

Mark Stewart

Executives

Mark Waller
Chief Executive

Michael Broome
General Manager – Healthcare Logistics

Derek Brown
Managing Director – Scientific

Angus Cooper
General Manager – Business Development

Dennis Doherty
Chief Financial Officer

Kelvin Hyland
General Manager – Sales & Marketing
Healthcare

David Lewis
General Manager – ProPharma

Greg Managh
General Manager – Health Support Ltd

Anthony Norris
General Manager – EBOS Group Pty Ltd

Auditor

Deloitte
Christchurch

Bankers

ANZ National Bank Limited
Auckland

Solicitor

Chapman Tripp
Christchurch

Share Register

Computershare Investor Services Ltd
Private Bag 92119
Auckland
NEW ZEALAND
Telephone: (09) 488-8777

Shareholder Enquiries

Shareholders with enquiries about share transactions, change of address or dividend payments should contact the Share Registrar – Computershare Investor Services Ltd.

