

Green Cross Health Limited

Interim financial statements

Half year ended 30 September 2019

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Green Cross Health Limited

Consolidated interim statement of comprehensive income

For the six months ended 30 September 2019

	Note	Six months ended 30 Sep 2019 (Unaudited) \$'000	Six months ended 30 Sep 2018 (Unaudited) \$'000
Operating revenue	6	275,402	282,375
Operating expenditure	5, 6	(248,394)	(263,988)
Depreciation and amortisation	5	(11,560)	(3,890)
Share of equity accounted net earnings		593	438
Operating profit before interest and tax		16,041	14,935
Interest income		82	38
Interest expense		(993)	(1,110)
Interest expense - leases	5	(2,929)	-
Net interest		(3,840)	(1,072)
Profit before tax		12,201	13,863
Tax expense	5	(3,322)	(3,788)
Profit and total comprehensive income for the period		8,879	10,075
Profit after tax and total comprehensive income for the period attributable to:			
Shareholders of the Parent		7,000	8,147
Non-controlling interest		1,879	1,928
Earnings per share:			
Basic earnings per share (cents)		4.89	5.69
Diluted earnings per share (cents)		4.88	5.68

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

Green Cross Health Limited

Consolidated interim statement of changes in equity

For the six months ended 30 September 2019

	Note	Share Capital \$'000	Retained Earnings \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
September 2019					
As at 1 April 2019		90,610	33,843	9,490	133,943
Impact on application of IFRS 16 - net of tax	5		(2,001)	(579)	(2,580)
Restated As at 1 April 2019		90,610	31,842	8,911	131,363
Profit and total comprehensive income for the period			7,000	1,879	8,879
Transactions with owners, recorded directly in equity					
Dividends to shareholders	9		(5,010)		(5,010)
Distributions to non-controlling interests				(1,325)	(1,325)
Impact of other transactions with non-controlling interests			(1,279)	(65)	(1,344)
As at 30 September 2019		90,610	32,553	9,400	132,563
September 2018					
As at 1 April 2018		90,609	30,346	7,108	128,063
Profit and total comprehensive income for the period			8,147	1,928	10,075
Transactions with owners, recorded directly in equity					
Dividends to shareholders	9		(5,010)		(5,010)
Distributions to non-controlling interests				(1,046)	(1,046)
Impact of other transactions with non-controlling interests			(243)	383	140
Share scheme amortisation		1			1
As at 30 September 2018		90,610	33,240	8,373	132,223

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

Green Cross Health Limited

Consolidated interim statement of financial position

As at 30 September 2019

	Note	As at 30 Sep 2019 (Unaudited) \$'000	As at 31 Mar 2019 (Audited) \$'000	As at 30 Sep 2018 (Unaudited) \$'000
Current assets				
Cash and cash equivalents		17,804	16,652	9,688
Trade and other receivables		22,879	24,515	25,783
Contract assets		11,791	11,561	12,071
Inventories		33,446	32,804	36,753
Income taxes refundable		386	-	-
Total current assets		86,306	85,532	84,295
Non-current assets				
Property, plant and equipment	7	21,077	22,291	19,927
Right of Use Assets	7	87,719	-	-
Intangible assets		138,728	137,664	141,781
Contract assets		-	-	793
Deferred tax asset		14,236	12,912	10,409
Equity accounted group investments		6,693	6,398	6,308
Total non-current assets		268,453	179,265	179,218
Total assets		354,759	264,797	263,513
Current liabilities				
Payables and accruals		71,956	74,903	71,224
Contract liabilities		5,762	5,072	5,478
Income taxes payable		-	1,760	252
Borrowings		5,307	25,556	10,758
Lease liability - current	5	12,810	-	-
Total current liabilities		95,835	107,291	87,712
Non-current liabilities				
Payables and accruals		-	-	552
Borrowings		44,734	23,563	43,026
Lease liability - non-current	5	81,627	-	-
Total non-current liabilities		126,361	23,563	43,578
Total liabilities		222,196	130,854	131,290
Net assets		132,563	133,943	132,223
Equity				
Share capital	8	90,610	90,610	90,610
Retained earnings		32,553	33,843	33,240
Total equity attributable to shareholders of the Parent		123,163	124,453	123,850
Non-controlling interest		9,400	9,490	8,373
Total equity		132,563	133,943	132,223

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

Green Cross Health Limited

Consolidated interim statement of cash flows

For the six months ended 30 September 2019

	Six months ended 30 Sep 2019 (Unaudited) \$'000	Six months ended 30 Sep 2018 (Unaudited) \$'000
Note		
Cash flows from operating activities		
	298	394
Equity accounted investee dividend received		
	276,807	281,887
Receipts from customers		
	82	38
Interest received		
	(248,953)	(264,766)
Payments to suppliers and employees		
	(6,145)	(7,653)
Income taxes paid		
Net cash inflow from operating activities	22,090	9,900
10		
Cash flows from investing activities		
	(4,115)	(5,387)
Purchases of property, plant, equipment and software		
	(1,384)	(3,637)
Acquisition of interests in subsidiaries and associates		
	-	688
Proceeds from sale of shares in subsidiary		
Net cash outflow from investing activities	(5,499)	(8,336)
Cash flows from financing activities		
	19,575	19,000
Proceeds from new borrowings		
	(18,653)	(14,439)
Repayment of borrowings		
	(5,010)	(5,035)
Dividends paid - shareholders		
	(6,103)	-
Payment of lease liabilities	5	
Interest expense - leases		
	(2,929)	-
Interest expense	5	
	(993)	(1,109)
Net distributions to non-controlling interests	5	
	(1,325)	(1,046)
Net cash outflow from financing activities	(15,438)	(2,630)
Net increase/ (decrease) in cash and cash equivalents	1,153	(1,066)
Add opening cash and cash equivalents	16,652	10,754
Closing cash and cash equivalents as per consolidated interim statement of financial position	17,804	9,688
<i>Reconciliation of closing cash and cash equivalents to the balance sheet:</i>		
	17,804	9,688
Cash and cash equivalents		
Closing cash and cash equivalents	17,804	9,688

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

Green Cross Health Limited

Notes to the financial statements

For the six months ended 30 September 2019

1. Reporting Entity

Green Cross Health Limited (the "Parent") is a New Zealand company registered under the Companies Act 1993 and listed on the NZX Main Board ("NZX"). The Parent is a FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013.

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 2019.

The consolidated interim financial statements for the six months ended 30 September 2019 and the comparative information for the six months ended 30 September 2018 are unaudited.

The financial statements were approved for issue by the Board of Directors on 26 November 2019.

(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

Other than as disclosed below, 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 2019. The Group has not applied any standards, amendments to standards and interpretations that are not yet effective.

The below changes in accounting policies are expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 March 2020.

NZ IFRS 16 Leases

This is the first set of the Group's financial statements in which NZ IFRS 16 has been applied. Changes to significant accounting policies are described in Note 5.

NZ IAS 7 Statement of Cash Flows

The Group has voluntarily changed its accounting policy under NZ IAS 7 Statement of Cash Flows, where interest paid is now classified as a financing cash flow instead of an operating cash flow as described in Note 5.

(d) Comparatives

Where appropriate 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 2019, the Directors have ensured that the specific accounting policies necessary for the proper understanding of the financial statements have been disclosed, and that all accounting policies adopted are appropriate for the Group's circumstances and have been consistently applied throughout the period for all Group entities for the purposes of preparing the consolidated interim financial statements.

Inherent in the application of certain accounting policies, judgments and estimates are required. The Directors note that the actual results may differ from the judgments and estimates made.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for the new significant judgements related to lessee accounting under NZ IFRS 16, which are described in Note 5(B)(i).

Green Cross Health Limited

Notes to the financial statements

For the six months ended 30 September 2019

4. Segment reporting

The Group has three reportable segments: pharmacy services, medical services and community health.

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

September 2019	Pharmacy services	Medical services	Community Health	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue	162,378	38,041	74,983	-	275,402
Cost of products sold	(93,656)	-	-	-	(93,656)
Employee benefit expense	(30,070)	(27,196)	(70,137)	-	(127,403)
Lease expense	(1,973)	(291)	(166)	-	(2,430)
Other expenses	(16,397)	(5,144)	(2,413)	(951)	(24,905)
Depreciation and amortisation	(8,193)	(2,106)	(1,261)	-	(11,560)
Share of equity accounted net earnings	145	448	-	-	593
Segment Profit	12,234	3,752	1,006	(951)	16,041
Interest income					82
Interest expense					(993)
Interest expense - leases					(2,929)
Profit before tax					12,201
Tax expense					(3,322)
Profit after tax					8,879
Non-controlling interest					(1,879)
Net Profit attributable to the shareholders of the parent					7,000
Reportable segment assets#	248,877	72,477	43,562	(10,157)	354,759
Reportable segment liabilities#	149,435	54,864	28,054	(10,157)*	222,196

*Intersegmental eliminations

#The Group has initially applied NZ IFRS 16 at 1 April 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see Note 5(B)). As a result, the Group recognised \$87.7m of right-of-use assets and \$94.4m of lease liabilities from those lease contracts. The assets and liabilities are included in the Pharmacy services, Medical services and Community Health segments as at 30 September 2019. The Group has applied NZ IFRS 16 using the modified retrospective approach, under which comparative information is not restated (see Note 5).

The impact of IFRS 16 on September 2019 segmental reporting is described in the table below:

	Pharmacy services	Medical services	Community Health	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease expense credit	6,191	1,996	845	-	9,032
Amortisation of right of use assets	(5,138)	(1,446)	(768)	-	(7,352)
Impact on Segmental Profits	1,053	550	77	-	1,680

September 2018	Pharmacy services	Medical services	Community Health	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue	169,994	34,302	78,080	-	282,375
Cost of products sold	(99,244)	-	-	-	(99,244)
Employee benefit expense	(30,536)	(25,399)	(75,069) [^]	-	(131,004)
Lease expense	(7,949)	(1,959)	(586)	-	(10,494)
Other expenses	(15,824)	(4,778)	(1,809)	(836)	(23,247)
Depreciation and amortisation	(2,634)	(506)	(751)	-	(3,890)
Share of equity accounted net earnings	93	345	-	-	438
Segment Profit	13,901	2,005	(135)	(836)	14,935
Interest income					38
Interest expense					(1,110)
Profit before tax					13,863
Tax expense					(3,788)
Profit after tax					10,075
Non-controlling interest					(1,928)
Net Profit attributable to the shareholders of the parent					8,147
Reportable segment assets	197,021	38,260	41,392	(13,160)	263,513
Reportable segment liabilities	96,268	24,949	23,233	(13,160)*	131,290

[^]Restated \$0.4m from the Group to the Community Health segment in respect of increase in unfunded leave liability due to pay equity legislation.

*Intersegmental eliminations

Green Cross Health Limited

Notes to the financial statements

For the six months ended 30 September 2019

5. Changes in significant accounting policies

The Group has initially adopted NZ IFRS 16 Leases from 1 April 2019. The Group has also voluntarily changed its accounting policy under NZ IAS 7 Statement of Cash Flows, where Interest expense is now classified as a financing cash flow instead of an operating cash flow.

NZ IFRS 16 Leases

NZ IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied NZ IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under NZ IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(A) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under *NZ IFRIC 4 Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to NZ IFRS 16, the Group elected to perform a reassessment of its contracts to determine which of its contracts are now identified as leases under NZ IFRS 16. Therefore, the definition of a lease under NZ IFRS 16 has been applied to both contracts as at 1 April 2019 and contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(B) As a lessee

The Group leases many assets, including properties, motor vehicles and equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under NZ IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some short-term leases (those with a lease term of 12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents its right-of-use assets in "property, plant and equipment", the same line item as it presents underlying assets of the same nature that it owns. The Group does not have any right-of-use assets that meet the definition of investment property. The carrying amounts of right-of-use assets and lease liabilities (current and non-current) are as below:

Right of use assets	Property	Motor Vehicles	Equipment	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2019	88,933	2,015	1,959	92,907
Balance at 30 September 2019	84,677	1,705	1,337	87,719

Lease liabilities	Property	Motor Vehicles	Equipment	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2019	94,571	2,015	1,959	98,545
Balance at 30 September 2019	91,340	1,743	1,354	94,437

(i) Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is:

- a change in future lease payments arising from a change in an index or rate; or
- a change in the estimate of the amount expected to be payable under a residual value guarantee; or

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5. Changes in significant accounting policies (continued)

- changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised; or
- any other change in the future lease payments or the lease term due to a lease modification that's not accounted for as a separate lease.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impact the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

(ii) Transition

Previously, the Group classified all its leases as operating leases under NZ IAS 17. These include property leases for pharmacies, medical centres and offices. The lease terms of these leases typically range from 6 to 30 years (inclusive of any renewal options). Some leases provide for additional rent payments that are based on changes in CPI or market rental rates.

The Group also leases motor vehicles and equipment, which typically run for a period of 3 to 5 years. As a practical expedient, the Group applied NZ IFRS 16 to the motor vehicle leases and the equipment leases as portfolios of leases with similar characteristics, since the Group reasonably expects that the effects on the financial statements of applying NZ IFRS 16 to the portfolios would not differ materially from applying NZ IFRS 16 to the individual leases within these portfolios. In accounting for the portfolios, the Group has used estimates and assumptions that reflect the size and composition of the portfolios.

At transition, for leases classified as operating leases under NZ IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at either:

- Their carrying amount as if NZ IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

The Group used the following practical expedients when applying NZ IFRS 16 to leases previously classified as operating leases under NZ IAS 17.

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on previous assessments of whether leases are onerous applying NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term at the date of initial application.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight, such as in determining the lease term for contracts that contain options to extend or terminate a lease.

(C) As a lessor

The Group sub-leases some of its properties. Under NZ IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to NZ IFRS 16, the right-of-use assets recognised from the head leases are presented in property, plant and equipment, and measured at cost on transition to NZ IFRS 16. The sub-lease contracts are classified as operating leases under NZ IFRS 16.

(D) Impacts on financial statements

(i) Impact on transition

On transition to NZ IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 April 19 \$'000
Right-of-use assets (presented as part of "property, plant and equipment")	92,907
Deferred tax asset	1,003
Lease liabilities	(98,545)
Lease incentives in advance (presented as part of "payables and accruals")	2,055
Non-controlling interest	579
Retained earnings	2,001

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 6.27%.

	1 April 19 \$'000
Operating lease commitments at 31 March 2019 as disclosed in the Group's consolidated financial statements	75,995
Contracts reassessed as leases as defined under NZ IFRS 16	5,543
Effect of discounting using incremental borrowing rates at 1 April 2019	(13,026)
- Recognition exemption for leases with less than 12 months of remaining lease term at transition	(1,923)
- Extension options reasonably certain to be exercised	31,956
Lease liabilities recognised at 1 April 2019	98,545

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5. Changes in significant accounting policies (continued)

(ii) Impacts for the period

As a result of initially applying NZ IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised additional right-of-use assets and lease liabilities, and derecognised lease incentives previously accounted for as income in advance under NZ IAS 17, in the statement of financial position as at 30 September 2019, and recognised depreciation expense and interest expense, instead of lease expenses (a component of operating expenditure), in the statement of comprehensive income. The impact for the period is summarised below, by comparing the affected financial statement line items accounted for under the old leases accounting standard NZ IAS 17 against the amounts accounted for under the new leases accounting standard NZ IFRS 16.

30 September 2019	NZ IAS 17 (Old)	Impact	NZ IFRS 16 (New)
Statement of financial position	\$'000	\$'000	\$'000
Property, plant and equipment	21,077	87,719	108,796
Deferred tax asset	12,883	1,353	14,236
Lease liabilities	-	(94,437)	(94,437)
Payables and accruals*	(73,842)	1,886	(71,956)
Effect on net assets / (liabilities)		(3,479)	

* Movement is due to derecognition of lease incentives previously accounted for as income in advance under NZ IAS 17.

30 September 2019	NZ IAS 17 (Old)	Impact	NZ IFRS 16 (New)
Statement of comprehensive income	\$'000	\$'000	\$'000
Operating expenditure	(257,426)	9,032	(248,394)
Depreciation and amortisation	(4,208)	(7,352)	(11,560)
Interest expenses	1,936	(2,929)	(993)
Tax credit	-	350	350
Effect on profit / (loss) after tax		(899)	

30 September 2019	NZ IAS 17 (Old)	Impact	NZ IFRS 16 (New)
Statement of cash flows	\$'000	\$'000	\$'000
Payments to suppliers and employees	(257,985)	9,032	(248,953)
Interest expense	(993)	-	(993)
Interest expense - leases	-	(2,929)	(2,929)
Payments of lease liabilities	-	(6,103)	(6,103)
Effect on cash inflow / (outflow)		-	

For the impact of NZ IFRS 16 on segment information, see Note 4.

NZ IAS 7 Statement of Cash Flows

NZ IAS 7 allows interest expense to be classified as either an operating cash flow or a financing cash flow for entities other than financial institutions. Interest expense may be classified as operating cash flows because they enter into the determination of profit or loss, or alternatively as financing cash flows because they are costs of obtaining financial resources.

Previously, the Group has classified interest expense as an operating cash flow. From 1 April 2019, the Group elected to change this classification and now classifies interest expense as a financing cash flow. This voluntary change in accounting policy provides more reliable and relevant information, since the interest expense by the Group is represented by predominately the costs of obtaining medium to long-term financial resources, including leases and term loans, with the main purpose being supporting the Group's growth initiatives. On this basis, the interest expense more closely aligns with "financing activities" as defined under NZ IAS 7, being activities that result in changes in the size and composition of the contributed equity and borrowings of the entity, instead of "operating activities" as defined under NZ IAS 7, being the principal revenue-producing activities of the entity.

The Group has applied this change in accounting policy retrospectively by adjusting the comparative amounts disclosed for the comparative period as if the new classification has always been applied. The impact on the current period and the comparative period is summarised below.

30 September 2019	Original	Adjustment	Restated
Statement of cash flows	\$'000	\$'000	\$'000
Cash flows from operating activities			
Interest expense	(993)	993	-
Net cash inflow from operating activities	21,097	993	22,090
Cash flows from financing activities			
Interest expense	-	(993)	(993)
Net cash outflow from financing activities	(14,445)	(993)	(15,438)
Net increase in cash and cash equivalents	5,659	-	5,659

30 September 2019	Original	Adjustment	Restated
Operating cash flows reconciliation	\$'000	\$'000	\$'000
Add items from financing activities			
Interest expense	-	993	993
Interest expense - leases	-	2,929	2,929
Net cash inflow from operating activities	18,168	3,922	22,090

30 September 2018	Original	Adjustment	Restated
Statement of cash flows	\$'000	\$'000	\$'000
Cash flows from operating activities			
Interest expense	(1,109)	1,109	-
Net cash inflow from operating activities	8,791	1,109	9,900
Cash flows from financing activities			
Interest expense	-	(1,109)	(1,109)
Net cash outflow from financing activities	(1,521)	(1,109)	(2,630)
Net increase in cash and cash equivalents	6,161	-	6,161

30 September 2018	Original	Adjustment	Restated
Operating cash flows reconciliation	\$'000	\$'000	\$'000
Add items from financing activities			
Interest expense	-	1,109	1,109
Net cash inflow from operating activities	8,791	1,109	9,900

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6. Operating Performance

6.1 Revenue

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

Revenue from contracts with customers

Pharmacy retail and dispensary
Other pharmacy revenue
Medical fee income
Home care

	Six months ended 30 Sep 2019 (Unaudited) \$'000	Six months ended 30 Sep 2018 (Unaudited) \$'000
	144,366	151,771
	18,011	18,222
	38,041	34,302
	74,983	78,080
	275,402	282,375

Disaggregation of Revenue

Six months ended 30 September 2019

Timing of revenue recognition

Transferred at a point in time
Transferred over time

	Reportable segments			Total \$'000
	Pharmacy Services \$'000	Medical Services \$'000	Community Health \$'000	
Transferred at a point in time	156,897	17,976	50,738	225,611
Transferred over time	5,480	20,065	24,245	49,790
	162,377	38,041	74,983	275,402

Six months ended 30 September 2018

Timing of revenue recognition

Transferred at a point in time
Transferred over time

	Reportable segments			Total \$'000
	Pharmacy Services \$'000	Medical Services \$'000	Community Health \$'000	
Transferred at a point in time	164,888	17,657	57,220	239,765
Transferred over time	5,106	16,645	20,860	42,611
	169,994	34,302	78,080	282,375

6.2 Operating expenses

Cost of products sold
Employee benefit expense
Lease expense*
Other expenses

	Six months ended 30 Sep 2019 (Unaudited) \$'000	Six months ended 30 Sep 2018 (Unaudited) \$'000
	93,656	99,244
	127,403	130,600
	2,430	10,494
	24,904	23,651
	248,394	263,988

*Refer note 5 for changes in Accounting Policy.

Green Cross Health Limited

Notes to the financial statements

For the six months ended 30 September 2019

7. Property, Plant and Equipment

	As at 30 Sep 2019 (Unaudited) \$'000	As at 31 Mar 2019 (Audited) \$'000	As at 30 Sep 2018 (Unaudited) \$'000
Property, plant and equipment	21,077	22,291	19,927
Right of Use Assets*	87,719	-	-
	108,796	22,291	19,927

*Refer to Note 5 for details.

8. Shares on issue

	As at 30 Sep 2019 (Unaudited) '000	As at 31 Mar 2019 (Audited) '000	As at 30 Sep 2018 (Unaudited) '000
Shares authorised and on issue			
Opening number of shares	143,486	143,486	143,486
Shares issued - fully paid	-	-	-
Shares cancelled - partly paid	-	-	-
Shares issued - partly paid	-	-	-
	143,486	143,486	143,486
Shares held as treasury stock	(333)	(333)	(333)
Closing number of shares	143,153	143,153	143,153
Net tangible (liabilities)/assets per share (cents) [^]	(14.25)	(11.62)	(14.50)
Net assets per share (cents)*	92.60	93.57	92.36

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

*The calculation of net assets per share is based on net assets and the closing number of ordinary shares.

9. Distribution to owners

On 27 June 2019 Green Cross Health Limited paid a final dividend for the March 2019 year of 3.5 cents per qualifying ordinary share to shareholders, which was fully imputed at 28%.

10. Operating cash flows reconciliation

	Six months ended 30 Sep 2019 (Unaudited) \$'000	Six months ended 30 Sep 2018 (Unaudited) \$'000
Profit for the period	8,879	10,075
<i>Add/(deduct) non-cash items:</i>		
Depreciation, amortisation and asset write-off	11,560	3,890
Other non-cash items	1,368	(703)
<i>Add/(deduct) changes in working capital items:</i>		
Receivables and accruals	1,406	(1,123)
Inventory	(642)	(2,554)
Payables and accruals	(4,402)	(794)
Interests reclassified from Operating to Financing cash flows	993	1,109
Interest expense - leases	2,929	
Net cash inflow from operating activities	22,090	9,900

11. Subsequent events

On 26 November 2019 Green Cross Health Limited declared an interim dividend of 3.5 cents per qualifying ordinary share, which will be fully imputed at 28%.

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

Green Cross Health Limited Company Directory

Registered Office

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

Board

P M Merton
Chairman

J A Bagnall
Non-Executive Director

J B Bolland
Non-Executive Director

P J Williams
Non-Executive Director

A W Edwards
Independent Director

M M Millard
Independent Director

K A Orr
Independent Director

C M Steele
Independent Director

Board Secretary

J H Greenwood BCom, FCA
Green Cross Health Limited
Private Bag 11 906
Ellerslie, Auckland 1542

Officers

Rachael Newfield, Group CEO
Ben Doshi, Group CFO

Websites

www.greencrosshealth.co.nz
www.access.org.nz
www.lifepharmacy.co.nz

Auditor

KPMG
KPMG Centre
18 Viaduct Harbour Avenue
Auckland

Bankers

Bank of New Zealand
80 Queen Street
Auckland 1010

Share Registrar

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622

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

General enquiries can be directed to;
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Please assist our registrar by quoting your CSN
or shareholder number

www.livingrewards.co.nz
www.thedoctors.co.nz
www.unichem.co.nz