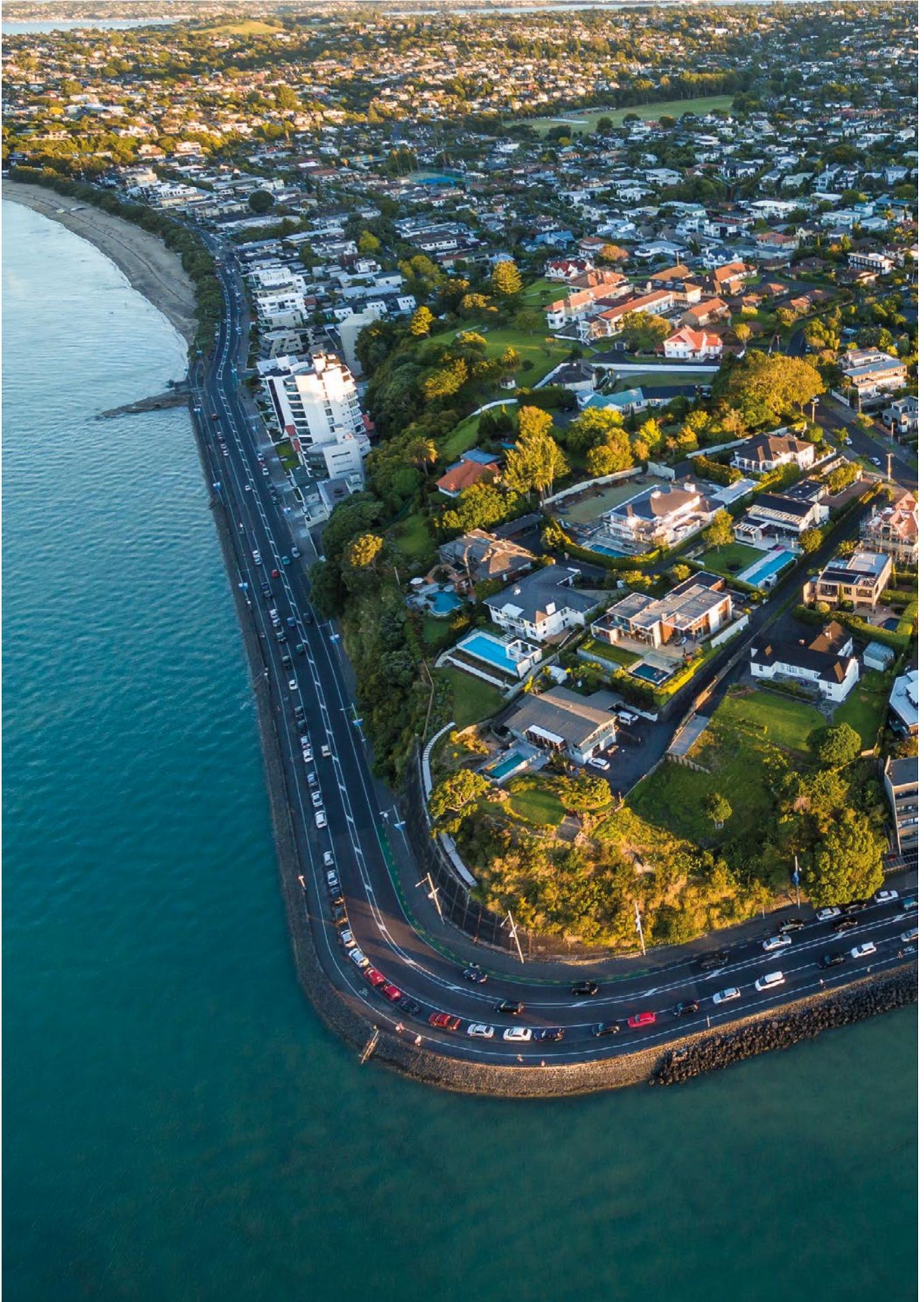


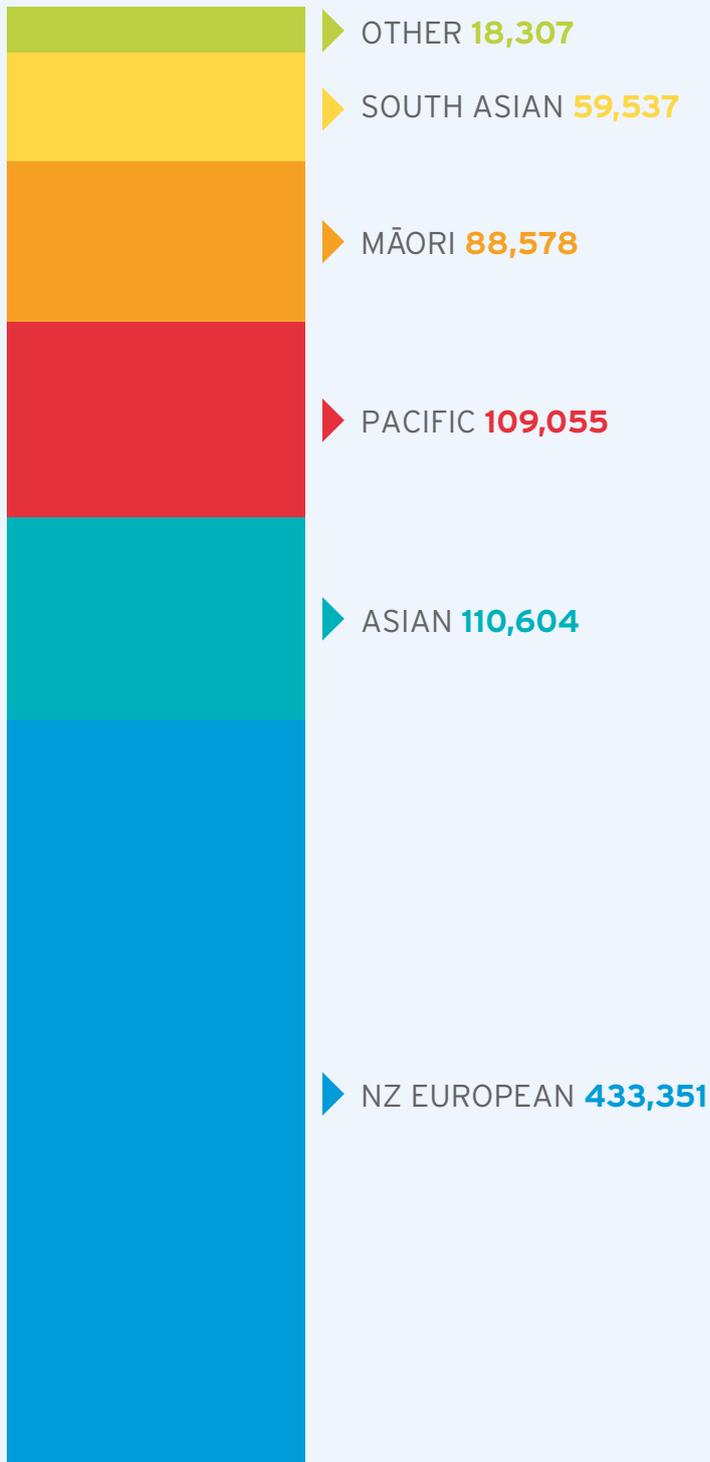
Caring for Aucklanders through high quality general practice





OUR POPULATION

ProCare general practices serve over half of Auckland's population.



Large elderly and Asian populations

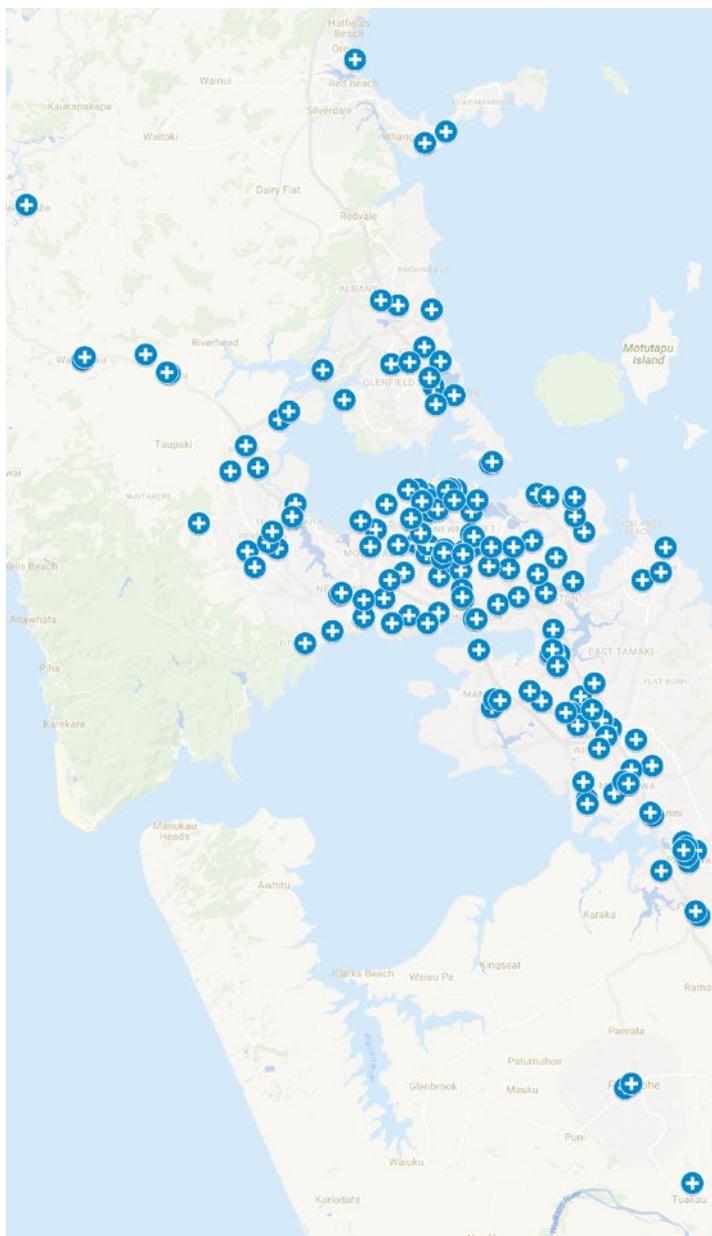
The largest enrolled high-needs patient population in New Zealand

The largest Maori and Pacific communities in New Zealand

ProCare is New Zealand's largest network of primary healthcare professionals. We are a member organisation, with a shareholder base of more than 180 Auckland general practices who choose to be part of ProCare. Our practices provide family-based healthcare to more than 820,000 Aucklanders.

OUR NETWORK

ProCare is New Zealand's largest and most diverse network of primary healthcare professionals, accountable for the health outcomes of over half of Auckland's population.



575
NURSES

738
GENERAL
PRACTITIONERS

MORE THAN
820,000
ENROLLED
PATIENTS

APPROXIMATELY
3 MILLION
CONSULTATIONS
PER YEAR

182
PRACTICES

THE YEAR FOR PROCARE'S ENROLLED POPULATION

Clinical excellence is paramount to all we do. High-quality care is delivered across our network through high-quality general practice. ProCare works to support and empower our practices to do this. We are committed to a system that appropriately meets the needs of each individual and whanau through planned proactive care for long term conditions and disabilities; timely and accessible acute care when needed and comprehensive preventative care to promote health and wellbeing.



2,574,731
GENERAL
PRACTITIONERS
CONSULTATIONS



343,866
NURSES
CONSULTATIONS



176,726
CERVICAL
SCREENS



168,358
EMERGENCY
DEPARTMENT
ATTENDANCES



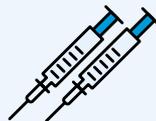
13,246
BIRTHS



582
DEATHS



8,148
PEOPLE QUIT
SMOKING



101,192
CERVICAL HPV
VACCINATIONS GIVEN



149,815
HOSPITAL
ADMISSIONS



167,464
FLU VACCINATIONS
GIVEN

DELIVERY OF FUNDED SERVICES



27,323
SERVICES FOR
TARGETED HIGH
NEEDS PATIENTS



8,908
COMMUNITY
RADIOLOGICAL
SERVICE



35,249
SERVICES FOR PEOPLE
WITH LONG TERM
CONDITIONS (ARI)



5,621
FUNDED
CERVICAL
SCREENS



2,416
PALLIATIVE
CARE SERVICES



10,950
PEOPLE WITH MENTAL
HEALTH CHALLENGES
RECEIVING FUNDED
GP CONSULTS



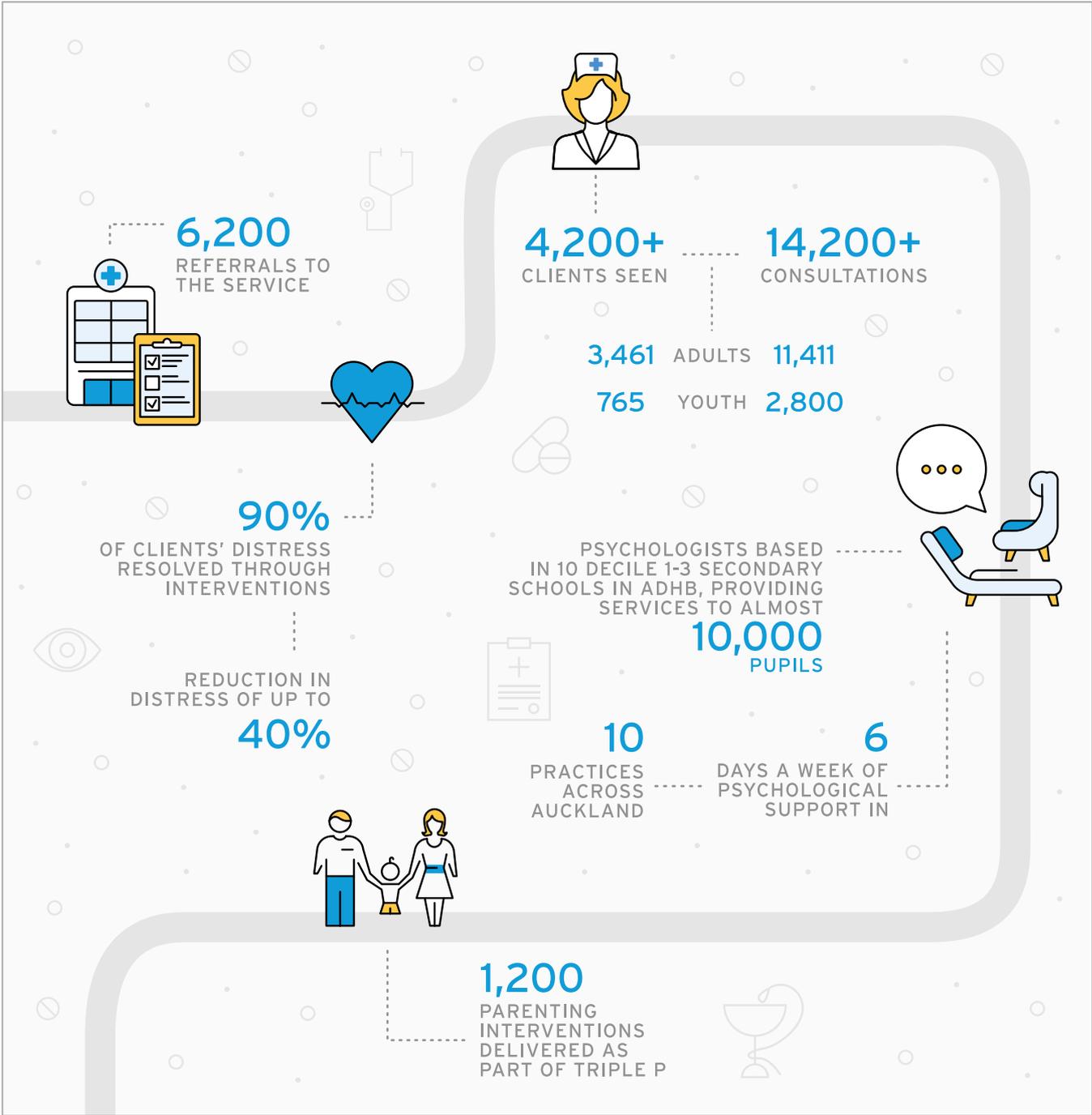
17,164
YOUTH SERVICES
(INCLUDING
SEXUAL HEALTH)



284
REFUGEE
SERVICES

PSYCHOLOGICAL SERVICES

ProCare is passionate about improving health outcomes and reducing inequalities for Aucklanders. We offer a range of services that complement our practices. We also recognise the importance of a person's mental wellbeing, which is why our practices are able to refer their patients to a dedicated psychological service made up of 28 therapists (including psychologists, counselors and CBT specialists).



WHAT WE DO

Supporting the ProCare network.

All of our work is driven by three things we are passionate about: clinical excellence, thriving businesses and influential networks.

ProCare offers:

CLINICAL EXCELLENCE

- A wide range of clinical services and investigations through our unique ProExtra and Flexible Funding programmes.
- In-practice clinical advice and strong clinical governance.
- A range of professional development tools and forums.
- Progress reports and support to perform well against national targets.
- Support to gain RNZCGP accreditation and meet other requirements.
- Staff to help practices achieve Integrated Performance Incentive Programme (IPIF) (now known as System Level Measures Framework) indicators; Foundation Standard certification and CORNERSTONE® accreditation.
- Exposure to new models of care to effectively and efficiently meet expectations of a modernising society.
- Reports to help target patients who are overdue with screening or require ongoing management.
- Comprehensive Outcomes and Quality Framework to support continuous quality improvement.
- Direct to patient services including psychologists, community health navigators, health promotion advisors and dieticians.
- We also provide Māori, Pacific, Asian, church and school focussed health services.

THRIVING BUSINESSES

- Practice support through our on-call and in-practice business advisors, our practice helpdesk and business networking through our regular practice owners forums.
- Deals and subsidies on practice supplies, consumables and support tools through our ProCureNet portal.
- 24/7 clinical support to ProCare practice patients.
- Clinical and back-office systems to manage budgets, and access diagnostics and funding.
- Innovations in virtual care with patient portals, in-practice kiosks and other new technology (46,000 patients enrolled in a patient portal).
- Support to meet the ProCare Foundation Standard and gain CORNERSTONE® accreditation. Flexible Funding opportunities for practices that meet our quality criteria.
- Expertise and support for practices to adopt world leading business and clinical processes through the Health Care Home programme.
- Easier ways to manage quality, safety, and risk and meet Health and Safety requirements through the Quality Management System LOGIQC.

INFLUENTIAL NETWORKS

- Professional career pathways and networking opportunities within the ProCare network.
- Sector collaboration through our membership and participation in key alliances at service, district and national levels including local District Health Boards and Network 4 (a collaboration of New Zealand's four largest Primary Health Organisations).
- Tight local networks for peer and educational support and cooperative service development.
- A dedicated members' website and regular updates.
- Strong advocacy to promote and protect the interests of primary care at local and national contract negotiations. Influence on local and national health strategy and policy.







IMPACT

National health targets.

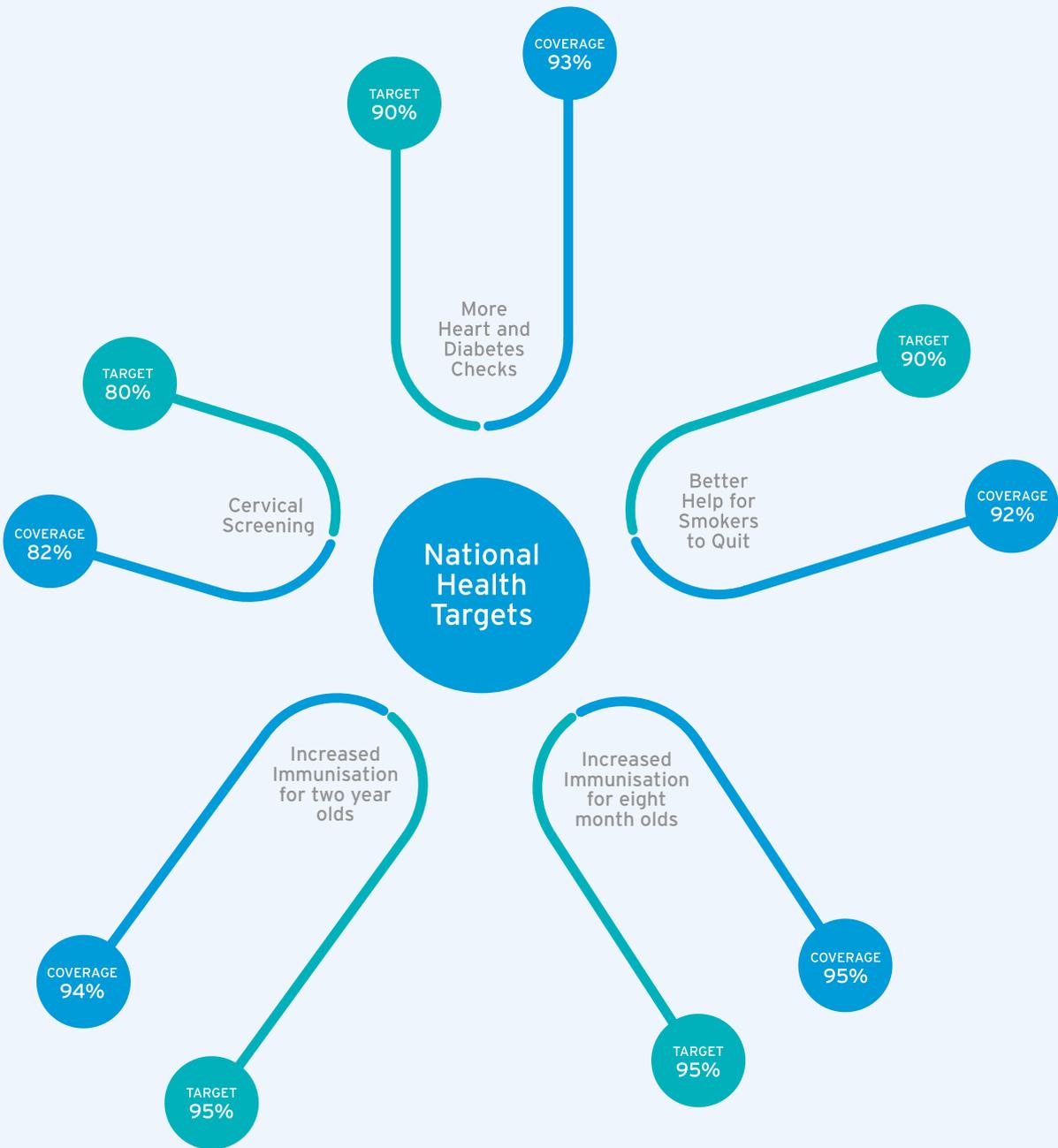
ProCare's 180 Auckland general practices achieved significant success against the Government's health targets in 2015/16. The ProCare network exceeded the targets set for Primary Health Organisations in four out of the five key areas, only narrowly missing out on the immunisation target for two year olds.

- More Heart and Diabetes Checks (target of 90% of the relevant enrolled population / coverage 93%)
- Better Help for Smokers to Quit - Primary Care (target of 90%/coverage 92%)

- Increased Immunisation for eight month olds (target of 95% / coverage 95%)
- Increased Immunisation for two year olds (target of 95% / coverage 94%)
- Cervical Screening (target of 80% / coverage of 82%)

Closing the inequality gap.

ProCare general practices are reducing the cervical screening inequality gap. Between August 2015 and June 2016, our practices closed this gap for Māori, Pacific and Quintile 5 women by 2.5%.





PROCARE HEALTH LIMITED



It is my privilege to write ProCare's annual Chair report, reflecting on the highlights of the year.

182 ProCare General Practices provide valued, high quality primary care to 820,000 patients. In ProCare, we focus efforts to support our practices on the following three areas:

Clinical Excellence

We achieved four out of five of our Integrated Performance Incentive Framework (IPIF) targets, only narrowly missing children fully immunised by age two. We have also provided quarterly Outcome and Quality Framework reports to each practice, detailing their achievements on an expanded suite of clinically relevant health indicators. Our direct to patient services include psychologists, community health navigators, health promotion advisors and dieticians. We also provide Māori, Pacific, Asian, church, and school focused health services. ProCare teams work with practices, sharing ideas to improve quality.

Thriving Businesses

Delivering high quality health care depends on sustainable businesses. ProCare continues to provide practices with advice to improve their business performance. Owner's forums proved a

valuable forum for sharing innovation, opportunities and concerns. We allowed practices who reached their IPIF targets to receive Flexible Funding, i.e. 65-75% of the practice generated discretionary income.

Influential Networks

Advocacy on behalf of our practices in the last 12 months has included presentations to three government ministers, and a growing presence in the media. We have focussed on sustainable funding for our practices, both in correctly setting co-payments and advocating for improving capitation funding. We also co-authored the "Closing the Loop" report, advocating for improved community based quality mental health services.

Other Milestones

Homecare Medical Ltd. was awarded the contract to build and deliver New Zealand's first integrated, national telehealth service which went live 1 November 2015. Homecare Medical Ltd is jointly owned by ProCare Health Ltd and Pegasus Health (Charitable) Ltd.

Starting to populate the Clinical Intelligence System (CIS), a database of anonymised clinical information collected from our practices. This will allow us to study the health of our population at a deeper level than before, providing aggregated reports

to important stakeholders, and more granular reports to our practices.

Remarkable progress was made toward implementing the corporate restructure which will see all general practitioner members as shareholders of ProCare. This is an exciting step which sees all members invested in our future.

In summary, it has been a busy, but also productive year for ProCare. I am grateful for the wise advice and direction from the ProCare Directors in leading such a successful organisation. Last year, Dr Sue Clark resigned from the Board, and we were very sorry to lose her input. We were also pleased to welcome Dr Craig King who was elected as her replacement at our last AGM.

Our staff, led by CEO Steve Boomert, continue to provide valuable support and advocacy, innovation and leadership. And to our practices, without you, ProCare is nothing. So the largest thanks goes to our practice teams, seeing patients every week.

Dr Harley Aish

CHAIR
PROCARE HEALTH LIMITED

PROCARE NETWORKS LIMITED



Malo e lelei and greetings;

In a year where we've seen a growing number of stories about homelessness in Auckland and a spotlight put on child poverty, it's served as a reminder that the purpose of a PHO is to increase access and reduce inequities to primary healthcare. During 2015/16 the ProCare Networks Limited Board focused on commissioning those programmes, systems and tools that would enable the Network to deliver quality healthcare to our communities at the right time, in the right way.

Two areas where we've made inroads for our at risk population is through an increase in immunisation rates for 8 month old babies to 95% , and cervical screening rates for high needs women - Māori, Pacific and Quintile 5, reducing the inequity gap by 2.5%.

Front of mind always for the PNL Board is how we can make a meaningful difference to people's health and wellbeing. For example, ProCare's Manakidz work and the Rapid Response clinics provided by some ProCare practices has contributed to a real and recognised reduction in Rheumatic Fever rates in South Auckland. Being present and making services accessible has also been a successful ingredient in the mental health and wellbeing in the 19,000 health contact interactions we have had with our young

people, with the Enhanced School-based Health Services, providing access to onsite school based psychologists, doctors and nurses, being available to nearly 10,000 students in 11 decile 1-3 schools in Auckland.

And through developing smarter tools and systems, we are better at knowing our patient population. The Clinical Intelligence System has helped us identify where our at risk population live and provided richer data about patient groups. One pilot within a practice showed how 60% of their 'non-screened' patients, actually had data recorded that enabled them to be 'screened'. Not only did this provide the practice with greater efficiencies around their records, but gave a more complete and up to date picture of a large amount of patients. The smoking status / brief advice programme is another example of when provided with the right tools, practice teams can identify and then support their patients to give up smoking - this is going beyond screening, into helping pinpoint the appropriate intervention and as a result the network population of smokers reduced by over 8000 people in the last 12 months.

While treating patients is always going to be a key part of primary care, the PNL Board has also focused this year on programmes that will support and empower patients to self-manage. For the

At Risk Individuals (ARI) programme in Counties/Manukau region, we know that there are more than 12,000 patients with long-term conditions now have goal-based care plans and 36.2% of patients that have now left the ARI programme and are considered to be confident self-managers, and are optimally managed.

Supporting and strengthening the wellness of our high needs communities is always paramount for the PNL Board and I'd like to acknowledge my board colleagues for their work throughout the year. I'd also like to thank Steve Boomert and the team at ProCare for their endless commitment to the needs of our patient population and network.

Tevita Funaki

CHAIR
PROCARE NETWORKS LIMITED

A LETTER FROM OUR CEO



Looking back, it was this year in which the ProCare network started to gather momentum and begin to forge the way through dynamic partnerships to meet the changing demands of primary care in New Zealand. We are building strong relationships with a range of funders, NGOs and other PHO partners.

The journey towards more patient centred care through the Health Care Home model was launched with four practices. Together we partnered with Pegasus, Compass Health, Midlands Health Network (Network 4) to craft the Closing the Loop initiative for primary care mental health and addiction services. Partnering with Pegasus, Homecare Medical now delivers a new national telehealth service. A corporate restructure was also undertaken to position ProCare for the future and it was also a year that saw a 9% increase in our member satisfaction. Thanks to all the staff who contributed to this outcome.

Looking forward, we want to build on this progress, continue to listen to, respond and act on behalf of our members and to again see the success of our work evidenced through increases in our member satisfaction.

The world is changing rapidly, and our

health system (particularly primary care) will undoubtedly be at the forefront of issues as we head toward the next general election. The result of which may well see some big shifts in New Zealand's primary care and wider health systems. We face challenges of unprecedented demands on our health system, changing demographics and advances in technology that enable people to interact with health services differently.

With great challenges and in times of rapid change come both opportunities and threats. Primary care can choose how to respond to these various issues all of which are pressing for attention and solutions.

Our vision at ProCare is not to be reactive but rather to be a proactive network, aligning tightly with our members to enable us to effectively contribute to setting the agenda on their behalf and also on behalf of the population we serve.

While not losing the advantages of scale, we will be more nimble. Grounded in our commitment to members to deliver Clinical Excellence, Thriving Businesses and Influential Network, we will stretch to better serve primary care. The coming year will see us run an innovative education pilot, strengthen our community based services to be more cohesive and strongly aligned, progress the vision

outlined in Closing the Loop to see those with mental health issues adequately served, build on the successful practice owners forums and continue to deliver a range of services to help with the day to day running of general practice, for example through ICT initiatives.

As the government drives toward improved health system integration we will also continue to support this direction and develop our advocacy work, both at a ProCare level and in collaboration with colleagues across general practice. This will be based on the themes of improving access; increasing capacity; and improving outcomes. These themes provide a framework for activities in the 12 months leading up to the next general election, in which we will be seeking to promote the value of general practice and the potential of our network to protect and enhance the health of Aucklanders.

Steve Boomert

CHIEF EXECUTIVE
PROCARE HEALTH LIMITED

CLINICAL ASSESSMENTS LIMITED



Clinical Assessments Ltd [CAL] shareholding is owned 2/3 by ProCare Health Ltd and 1/3 by East Health Ltd. CAL administers the Primary Options for Acute Care [POAC] service which provides responsive coordinated acute care in the community, with an aim to reduce acute demand on hospital services and allowing patient care to be managed closer to home. Funded by the three Metro Auckland DHBs, POAC offers a safe and effective alternative to a hospital presentation or admission.

Clinical pathways and policies support consistent practice and drive greater safety and quality of care. There is a Clinical reference group and Clinical Director -to ensure excellent clinical governance of all aspects of the service. About 85% of POAC interventions will successfully and safely avoid the patient needing to go to hospital.

The annual target of Primary Options for Acute Care Services (POAC) referrals is 6,042 for Auckland DHB, 6,519 for Waitemata DHB and 12,320 for Counties Manukau Health. Overall, the total referrals received increased slightly compared with the same period in the previous year.

The average cost per referral remains consistent across WDHB and ADHB. CMDHB average cost was slightly higher this year. This can be attributed to the increase in the more complex nature of cases being managed, as well as the increase in requests for some more costly urgent investigations (CT, MRI) to assist in early discharge or to avoid referral to Emergency Department; and community based Iron Infusions. The Synergia led review of the POAC and Access to Diagnostics services and recommendations are still pending, as are DHB board level decisions around an

expansion of the service - possibly to 12000 cases pa for the Waitemata area.

There are exciting moves towards expanding the coordination function of the service including 'Community Central' - whereby all referrals for community based services provided by Counties Manukau Health and their strategic partners are received, triaged and coordinated in conjunction with POAC staff.

Dr Neil Hefford

CHAIR
CLINICAL ASSESSMENTS LIMITED

PROCARE CHARITABLE FOUNDATION



ProCare Charitable Foundation grants to six charities

The ProCare Charitable Foundation (the Foundation) was made possible through the generosity of General/Medical Practitioners (shareholding members) of the ProCare Provider network. As Chairman of the Foundation I am proud to be associated with such passionate healthcare professionals that are committed to reducing health inequalities in our Auckland communities.

In 2013 - 2014 shareholding members gifted to the Foundation over 90% of their shares enabling the Foundation to secure a strong capital base for the future. The Public Trust was appointed as the sole - Trustee to create independence for the Foundation and take care of the day to day strategic operations including the annual granting process. Craig Investment Partners were appointed as the Foundations investment managers.

The other Foundation board members include Tom Marshall who was the founding Chairman of Procure Health Limited (PHL) in 1993-2008, Trevor Janes and James Sclater who are along with me are independent board members of PHL.

We are appreciative of the support of the Public Trust and the customer service they provide to our grant applicants and recipients. There 'SmartyGrants'

system completely automates the grant applications process and allows for efficient administration end to end.

I am able to report in our inaugural granting year of 2015 we received close to 40 applications and approved grants for six registered charities awarding combined funding of more than \$250,000.

We were very impressed by the quality of all of the applications received which made the task of selection challenging. It also served to highlight how many registered charities there are in Auckland's health sector doing good works to reduce health inequalities, improve population health outcomes and improve through education the health and well-being of individuals and communities. The Foundations final grant decisions were based on an assessment of applicant's capacity to deliver and the expected outcomes of the project.

The six registered charities to benefit from the 2015 ProCare Charitable Foundation funding allocation were:

- Anxiety New Zealand: community education programme for Māori and Pacific in lower socio-economic areas
- Stroke Foundation NZ: Pacific Stroke Prevention Programme

- Starship Foundation: health promotion resources to improve skin health and infections for children living in deprived areas
- Well Foundation: mobile health clinic to deliver services to children at risk in Rodney and Waitakere
- Children's Autism Foundation: direct services and programmes for families of autistic children living in hardship
- Men's Health Trust: education programme and resources for men's health.

The new financial year will see the second round of grants by the Foundation to build on its inaugural year success. We will also look at ways to grow our donations to further build our capital base which will serve to increase annual grants in years and years to follow.

To the shareholders of PHL a huge thank you for your contribution to date - we trust you are as pleased with the results as we are and of course we welcome any further shares and/or financial contributions you may wish to make.

June McCabe

CHAIR
PROCARE CHARITABLE FOUNDATION

PROCARE PSYCHOLOGICAL SERVICE LIMITED



Understanding the impact we make

Practices tell us that having dedicated psychological services for their patients is one of ProCare's greatest offerings and points of difference. This was reiterated by an independent evaluation undertaken this year, which showed that GPs hold the service in high regard and see it as filling a significant gap in the mental health spectrum. It was pleasing to see excellent levels of patient/client satisfaction with average scores of 4.6 out of 5 from more than 1,000 clients surveyed. The evaluation also indicated that the packages of care are making a real difference, as Kessler scores showed a marked reduction in their distress levels - a positive impact given ProCare Psychological Service (PPS) is a service intended to support mild to moderate distress levels.

Performance & improvements

While the evaluation revealed a lot of positives for PPS, it also provided GP and patient insights into how we can improve and enhance our service. We're already making progress in some of those areas, such as improving access through practice-based psychologists, as well as working with the DHBs to ensure patients are appropriately triaged and there is a clear referral pathway for GPs encountering increasingly severe and complex cases.

Our outreach work has continued and increased this year in the support we provide to the Enhanced School-based Health Services. We now have

psychologists based in 10 decile 1-3 schools in the ADHB region, which provided services for almost 10,000 pupils. Our participation in Triple P (Positive Parenting Programme) also saw us deliver more than 1,200 parenting interventions - 52% of parents or caregivers were Māori or Pacific.

National advocacy

Trying to 'close the loop' along those pathways and between service users, referrers and providers in the primary mental health and addictions space has been an initiative that PPS staff, and our colleagues from Midlands, Compass and Pegasus have gained great traction on this year. The vision of primary care-based mental health services discussed in Closing the Loop, would not only benefit ProCare patients, but across the country and health system as a whole. I commend the work undertaken by Johnny O'Connell who has spear-headed Closing the Loop and led discussions with the sector and the Ministry of Health. As the recently appointed Patient Services Manager, Johnny O'Connell is well-placed to take forward the strategic development and operations of both PPS and those complementary services that support practices' patients, such as self-management education.

Growing our capability

We've expanded our capability in identifying and supporting the range of social and cultural needs that can impact a person's mental and physical wellbeing,

for example, strengthening our health psychology expertise. Using our Health Navigators we've been looking at access barriers to understand why some people, particularly high priority groups like Māori and Pacific, have higher rates of not attending scheduled sessions. We've improved access by extending hours across our sites in Manukau and Epsom, which has been well-received. We have been working with the NGO sector to see how we can extend PPS into the community by contracting their expertise and facilities. In Counties/Manukau we have increased our resources to help address the prevalence of mental health and addiction issues in low socio-economic areas in the south.

Looking ahead - model of care development

For the year ahead a big focus is on developing an evidence-based, fit-for-the-future clinical model to ensure we're delivering high quality outcomes with and for your patients. There will be several opportunities for GPs and practices to shape that model and we look forward to engaging on how our psychological services can better support you, your practice, your patients and their whanau.

Steve Boomert

CHAIR
PROCARE PSYCHOLOGICAL SERVICES
LIMITED





Closing the Loop

Ambitious mental health plan launched

ProCare joined forces with New Zealand's four largest Primary Health Organisations (PHOs) to develop an ambitious plan for the future of mental health and addiction services.

Launching the plan, Closing the Loop, ProCare CEO Steve Boomert said: 'We know we have the potential to improve outcomes and change lives. We can transform the provision of mental health services and the experience of service-users by drawing together the skills and resources of all the relevant agencies. 'Given the opportunity and the funding, primary care can be a more comprehensive, effective and efficient provider of mental health services.'

The model is underpinned by the concept of the 'Health Care Home' and principles of partnership, continuity and integration between primary, community, non-government organisations and specialist services.

Closing the Loop was developed by 'Network 4' a collaboration between New Zealand's four largest PHOs: Compass Health, Pinnacle Midlands Health Network, Pegasus Health and ProCare Health. Collectively, Network 4 is responsible for the primary care needs of almost 2 million New Zealanders. Closing the Loop is available at www.closingtheloop.org.nz



Stop Smoking

Stop smoking service - Auckland & Waitemata

To help Aotearoa become smokefree by 2025, the Ministry of Health introduced new, regional stop smoking services throughout New Zealand.

In the Auckland and Waitemata DHB regions, the Stop Smoking Service is being delivered collaboratively by ProCare, The Fono and Ngāti Whātua Ōrākei Whai Maia Limited.

The service is available to those people wanting to stop smoking who live, work or play in the Auckland or Waitemata regions, which includes Central, East and West Auckland, as well as the North Shore and up to Wellsford.

The journey to stop smoking can be tough, so the service aims to make it as easy as possible by being accessible and focused on the individual's needs - whether those are cultural, health and wellbeing, whanau or social. For example, providing Pacific church-based sessions that support people to stop smoking, or a home-based coaching session where a mum wanting to quit doesn't have access to transport or childcare.



Health Target Success

ProCare practices achieve health target success

ProCare's general practices achieved significant success against the Government's health targets.

'We made tremendous improvements in how many people we are reaching with crucial health promotion advice and screening activity,' said Dr Harley Aish, ProCare Chairman. 'This isn't about numbers, but about making a difference to people's lives, keeping them well and promoting better health outcomes.'

The ProCare network exceeded the targets set for Primary Health Organisations in four out of the five key areas, only narrowly missing out on the immunisation target for two-year-olds.

Over the last five years 93% of ProCare practice's eligible population have had a heart and diabetes check - meaning 224,000 people have had their risk of having a heart attack or stroke assessed, and, where appropriate, having a treatment programme developed.

And 7,000 Aucklanders were supported to quit smoking over the 12 months to 30 June 2016 through brief advice in ProCare practices.



ProCare at Polyfest

The ProCare team took the opportunity to engage with the community at Polyfest, raising awareness of the broad range of services which ProCare provides.

There was a variety of information on offer covering self-management education, ProCare psychological services, Triple P parenting group programmes, Manakidz immunisation awareness, health, nutrition, and smoking cessation.

Highlights included the ProCare team meeting families, individuals and performing groups from a variety of cultures who visited the display.

ASB Polyfest is the largest Māori and Pacific Island festival in the world, showcasing culture, with more than 9,000 students from 64 schools who took part in the four-day festival.

The festival was a great way for ProCare to celebrate cultural identity, diversity and to share in local community spirit.



Foundation Standard Certification

ProCare practices: first three to receive Foundation Standard Certification

Dr Nicholas Cooper, Onehunga Doctors and Royal Oak Medical Centre were the first three practices in New Zealand to receive their Foundation Standard certification.

At a breakfast celebration in April, Helen Morgan-Banda, CEO of the Royal New Zealand College of General Practitioners (RNZCGP), along with ProCare CEO Steve Boomert, presented the certificates to the practices and were joined by the ProCare team who have supported practices to get ready for their assessments, and those who have carried out the assessments.

ProCare CEO Steve Boomert said: "We recognise that practices are really busy, so going through a process like Foundation Standard is another thing they've had to work through on top of the day-to-day. We congratulate these practices for their commitment and what they've achieved - they've gone above and beyond what's required."

By June 2017, all practices are required to meet Foundation Standard (unless already Cornerstone accredited), as it represents compliance with the key safety and regulatory components that apply to general practice.

ProCare also continued to maintain a level of CORNERSTONE accredited practices above the national level of 62%.



Network 4

Network 4 is a collaboration of New Zealand's four largest PHOs: Compass Health, Midland Health Network, Pegasus Health and ProCare - together covering a population of more than two million people.

Network 4 has been relatively active in the last year.

- Completing and releasing our mental health position paper (Closing the Loop) which has been well received and supported by major NGO groups
- Establishing the National Health Care Home Collaborative and working on standards for the Health Care Home with other sector stakeholders including the RNZCGP
- Sharing skills, knowledge and resources around Quality Improvement issues for PHOs
- Commissioning an evaluation of the established Health Care Home practices
- Sharing findings of the various reviews of Practice Management Systems undertaken by N4 members
- Commissioning a piece of work to understand the value of a national primary care data repository
- Providing a forum for the N4 CEOs and Chairs to discuss issues, learn each other's perspectives and develop cohesive positions from our organisations to support strong progressive general practice



District Health Boards

ProCare's relationship with the two major district health board alliances has focused on annual plans. In the Counties Manukau health region, this means the ongoing implementation of the ARI programme. In the Auckland / Waitemata DHB region, it means the continued focus on CVD and diabetes.

In Waitemata, ProCare worked extensively with the Waitemata PHO and Waitemata District Health Board on a Community Health Services Plan for the next five to 10 years. This will complement the draft Hospital Services Plan.

In Auckland, ProCare worked with the DHB to develop the locality strategy and hope to see material progress on the integration of DHB community services with primary care in the future. the locality strategy and hope to see material progress on the integration of DHB community services with primary care in the future.



Homecare Medical's Continued Success

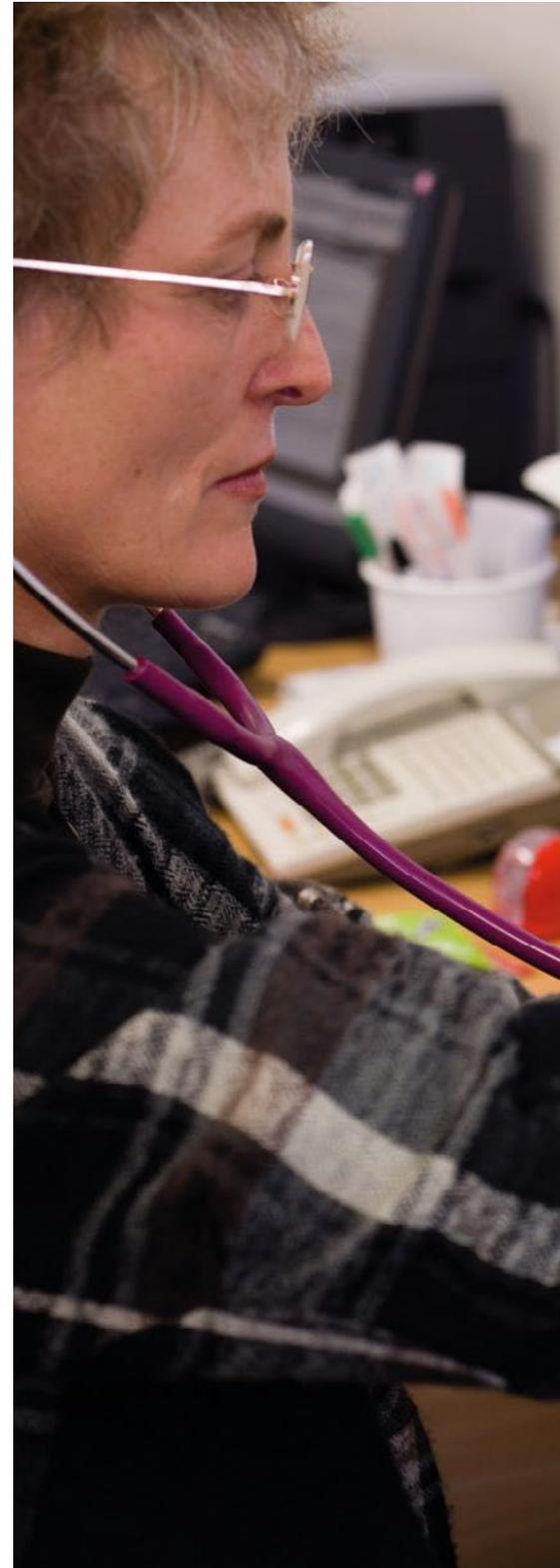
Homecare Medical, which is a partnership between Pegasus Health and ProCare, was selected in June 2015 by the Ministry of Health to design and deliver an enhanced, integrated national telehealth service.

Since then Homecare Medical has provided free health advice and support, 24 x 7 to more than 430,000 Kiwis across phone, text and online channels. There have been more than 550,000 contacts to the service. That's more than one contact every minute, with 81 per cent of calls answered within 20 seconds.

Homecare Medical's staff have grown to support this. Now, more than 250 staff from Kaitiāia to Bluff and in four contact centres across the country provide an integrated service.

The national telehealth service brings together seven helplines: Healthline; Quitline, the Gambling Helpline, the Alcohol Drug Helpline, the Depression Helpline (and the National Depression Initiative services) and advice for the public on poisons and immunisation.

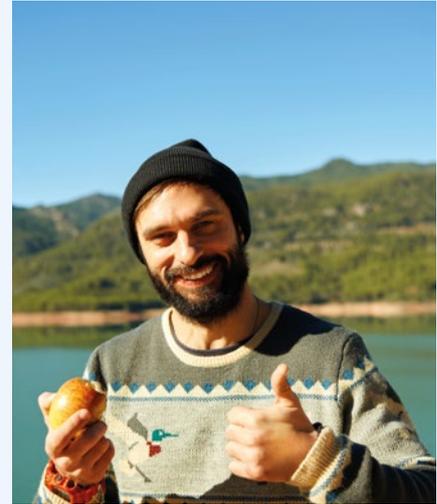
Homecare Medical also provides after-hours support to 600 General Practices and at every opportunity directs people to enrol with a GP or connect with their existing GP for their ongoing care.





PROCARE CHARITABLE FOUNDATION

The ProCare Charitable Foundation was created through the generosity of its shareholding members for the purpose of improving the health and wellbeing of Auckland communities. In 2015 grants were made to the six charities featured here. Hear from our recipient charities in their own words:



Anxiety NZ

Raising awareness and understanding of anxiety and depression.

With the support of Procare Charitable Foundation, Anxiety New Zealand Trust developed and delivered a Community Education Project to encourage supportive relationships between health providers and the community, to encourage earlier access to mental health support & engage in healthy wellbeing practices, increase awareness and understanding of anxiety and depression, and reduce stigma and discrimination around mental illness with a focus on lower-socio economic groups and youth.

We employed a fixed term Community Education Liaison (CEL) and recruited two fulltime unpaid interns (from the USA and Mandarin speaking) to support the CEL and project. The Community Education Project has reached hundreds of healthcare professionals and provided face to face meeting with GP practices, dental practices, pharmacies and counsellors at both Auckland University and AUT University. The CEL provided education and advice sessions with parents of children who experienced anxiety, provided resources surrounding anxiety including information packs and brief intervention strategies for young people and their caregivers.

Children's Autism Foundation

Empowering families with an understanding of autism.

Funding from ProCare Charitable Foundation has enabled the Children's Autism Foundation (CAF) to increase overall services to meet a growing demand for quality support services.

CAF provides individualised support, guidance and strategies through home visits, workshops, social skills groups and email/phone consultations. The following are quotes from families who have received CAF services:

The Children's Autism Foundation support services address the above concerns, helping families in hardship and their communities. The staff at CAF see the benefits of empowering families with an understanding of the autism, along with tools and strategies which help them with their child's diagnosis. The services offered by CAF reduce the stresses on families in hardship.

The Children's Autism Foundation are very thankful for the financial support from ProCare Charitable Foundation. A total of 2,326 services were provided for families in the past year, double that of the previous year.

Men's Health Trust NZ

The ProCare Foundation grant has enabled the Men's Health Trust NZ to write and launch a website full of information and real life stories on men's health and wellbeing - menshealthnz.org.nz.

Written in everyday conversational language, the website is a go-to for information about signs, symptoms, causes, tests and treatments for health conditions that commonly affect men.

The grant also contributed to the development of an interactive Men's Health talk for workplaces. Launched in March, the talk is taken by volunteer health professionals along with Unitec health students. The talk covers living healthier, early signs of common health conditions, annual health check-ups and mental health. It also includes blood pressure and "healthy size" checks. The aim of the talk is to inspire men to get interested in their health and vital stats.



2016 Pacific Stroke Prevention Champions (left to right): Sione Tupou, Losi Harford, Mark Anaki, Tai Faalogo (Stroke Foundation), Jo Jarden (Stroke Foundation) and Pelenatete Lam Sam.



Happy days - some of the Waitemata DHB Child & Family West team with new clinic

Pacific Stroke Prevention

Pacific stroke prevention project removes barriers to good health.

Pacific communities in Auckland are now more aware of the importance of regular blood pressure checks, the signs of stroke and the need to dial 111 for suspected cases. They are also more empowered to reduce their risk of stroke which is great news given Pacific communities are up to three times more likely to have a stroke when compared to New Zealand Europeans.

With a ProCare Foundation grant, the Stroke Foundation trained five Pacific Community Champions to weave their stroke experiences into a structured presentation on stroke prevention. Through 25 presentations to more than 1,000 Pacific community members, the Champions used storytelling to add relevance and weight to stroke prevention messages.

Starship Foundation

Tackling one of the leading causes of hospitalisation for children in New Zealand was the goal of a Starship project funded through the generosity of the Procare Charitable Foundation.

With early treatment in the community, hospital admissions can be prevented. But with many families lacking the basic knowledge to treat these common communicable illnesses, the availability of effective educational resources is key.

The project, under the leadership of Dr Alison Leversha a community paediatrician with Starship Child Health, set out to fill an identified gap in existing skin infection resources; developing a simple skin care health promotion resource to prevent infection, targeting at-risk families across the greater Auckland community.

The multi-lingual teaching packs are now ready to be distributed through educational centres in communities with high Pacifica and Māori populations.

The Well Foundation

A new mobile health clinic is now on the road providing healthcare to children and families in need across the Waitemata region. The Well Foundation fundraised for the \$210,000 clinic and a grant from the ProCare Charitable Foundation in November 2015 helped significantly.

“ProCare’s grant took us considerably closer to our target for the clinic, which was a top priority for us given the impact it’s expected to have on the health of our community, particularly the thousands of children from deprived areas,” says Well Foundation CEO Andrew Young.

The clinic will be taken by public health nurses into schools, early childhood centres, and other public spaces like community centres, to provide ear health check-ups and treatment, throat swabbing as part of the Rheumatic Fever Prevention Programme and general health advice, treatment and referrals when required.

OUR BOARD



① Dr HE Aish

BHB, MB, CHB, DIPOBST, FRNZCGP

Harley Aish started his career as a general practitioner in Otago in 1997. Past roles include director of Southmed IPA and ProCare Health Ltd, and director and later chair of ProCare Networks Ltd. He served on the executive of IPAC, was part of the team for the PSAAP PHO contract negotiations and a member of the PHO Performance Programme Governance Group. He was actively involved in the Greater Auckland Integrated Health Network (GAIHN) as clinical champion for the High Risk Individual Workstream. Currently he is a director of Medical Assurance Society, a member of General Practice NZ Executive committee and Chair of ProCare Health Ltd. In between, he still loves to serve patients in Otago.

④ JN McCabe

MBA

June McCabe has had a diverse career in both the public and private sectors at senior levels, including 20 years of investment and banking experience. Her past and current corporate governance experience spans public, private and not-for-profit boards in the education, finance, health, housing, television and venture capital sectors. She is currently a director on the Northland District Health Board, ProCare Networks Limited, a member of ProCare's Audit and Risk Assurance Committee and chair of the Remuneration and Governance Committee. June is also chair of the ProCare Charitable Foundation

② Dr JEM Fox

MB, BS, MRCS, LRCP, MRCGP, FRNZCGP (DIST), FRACGP (HON) CMINSTD

Jonathan Fox has been in general practice in Meadowbank with his wife for 24 years, since arriving in New Zealand from the United Kingdom. Past national positions include NZMA Board member, President of the Royal New Zealand College of General Practitioners (RNZCGP) and Chair of the Council of Medical Colleges in New Zealand. He was reappointed to the Medical Council of New Zealand (1 July 2015) for a third and final three year term. He is chair of the Medical Council's Audit Committee and deputy chair of their Education Committee.

⑤ JM Sclater

BCOM, CA

James Sclater is a professional company director and trustee acting for a number of companies and investment trusts, including Hellaby Holdings and Damar Industries. James is a chartered accountant and a member of Chartered Accountants Australia and New Zealand and the New Zealand Institute of Directors. Prior to 2009, James was chairman of Grant Thornton Auckland, where he was a business advisory services director for 18 years, specialising in small-to-medium enterprise accounting, taxation and management advice. James is chairman of ProCare's Audit and Risk Assurance Committee and a member of the Remuneration and Governance Committee.

③ Dr LEJ King

MB, CHB, DIPOBST, FRNZCGP, FNZMA

Lewis King is a Mairangi Bay GP. He is an accredited teacher for the registrar training programme of the RNZCG. He is also a former secretary of the RNZCGP and chairman of the NZMA.

⑥ Dr JFV White

MB, CHB, FRNZCGP

Jan has been in general practice in Mt Eden for 30 years, having graduated from University Of Otago in 1973. She is currently a member of ProCare's Pacific Health Advisory Committee (ProPa) and the Konnect Clinical Governance Group. She is deputy chair of the New Zealand Medical Association's General Practitioner Council.



⑦ Dr C King

MB, CHB, FRNZCGP

Craig King has been a member of the board since November 2015. He is a GP at Health New Lynn, which was established in 2013 from an amalgamation of four local medical centres in the wider West Auckland area. He has been practicing as a GP in the area since 1990.

⑧ Hanne Janes

Hanne Janes has extensive commercial and legal experience, including managing start-up SMEs and strategic and economic consulting with Deloitte. Hanne's law career has spanned a diverse range of specialities including; medical and health law, professional liability, regulatory compliance, health and safety, competition, employment, civil, and relationship litigation. Following fifteen years at the independent bar, Hanne was instrumental in establishing a health care practice at DLA Phillips Fox in 2013. In 2015 she returned to practice as a barrister with an interest in alternative organisational dispute resolution.

⑨ Dr NJ Hefford

BHB, MB, CHB, FRNZCGP

Neil Hefford graduated from Auckland Medical School in 1985 and has been a GP in his own practice in Grey Lynn for 24 years. He is a director of ProCare Networks Ltd and chair of ProCare's Clinical Governance Committee. His passion is achieving better integrated care and quality outcomes for our patient population through improved models of care, as well as improving GP work satisfaction and financial security.

⑩ Dr SM Clark

BMB, CHB, DIPOBST, FRNZCGP

Sue Clark has been a GP in Hobsonville for 15 years. She was also a member of the Health West PHO Board.

⑪ TD Janes

BCA, FCA, CFINSTD, FCFIP

Trevor Janes' career has been in investment banking and financial analysis. He is a Chartered Fellow of the Institute of Directors, a Fellow of the Institute of Financial Professionals in New Zealand and of the College of Chartered Accountants. He is currently chairman of Abano Healthcare Ltd, deputy chairman of the Accident Compensation Corporation, chairman of Certus Solutions Ltd and deputy chairman of Pulse Energy Ltd. Trevor is also a member of ProCare's Audit and Risk Assurance, and Remuneration and Governance committees.

OUR GOVERNANCE STRUCTURE

ProCare Health Ltd (ProCare or PHL) is a Limited Liability Company. The great majority of its shares are held by the independent ProCare Charitable Foundation, which has a focus on giving back to the community.

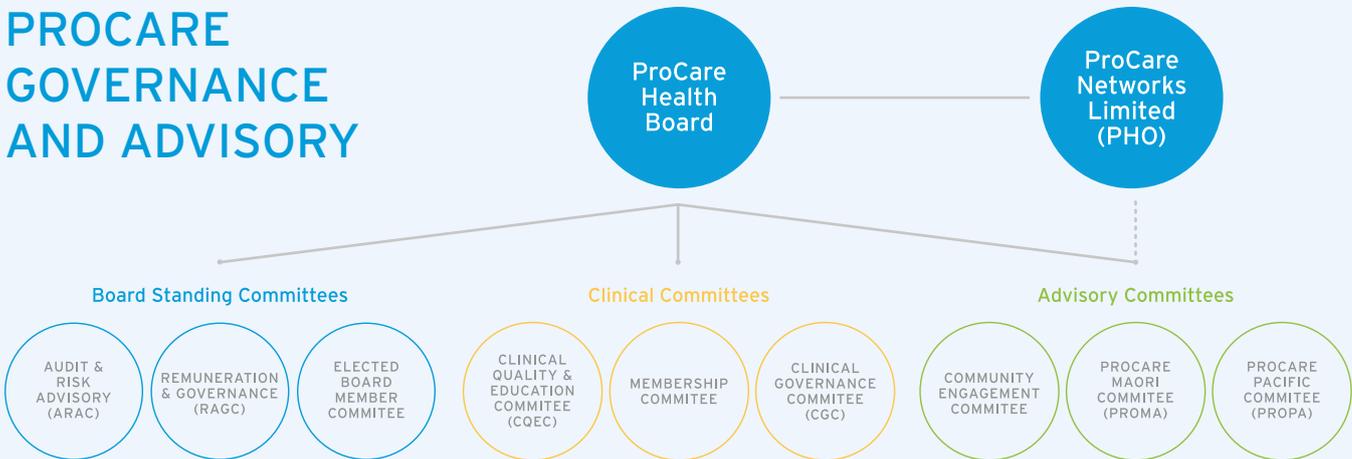
The ProCare Board is responsible for setting the strategic direction of the organisation and adopting appropriate governance processes to ensure effective oversight of the organisation on behalf of shareholders, employees and other stakeholders. The Board appoints the Directors of Procure Network Limited (PNL) to act in the Primary Health Organisation (PHO).

The Board is committed to high standards of corporate governance and follows, in principle, the corporate governance guidelines and principles developed by the Financial Markets Authority and the New Zealand Institute of Directors.

The Board establishes committees to support it in its governance work. These committees do not make binding Board decisions, but make recommendations to the Board.



PROCARE GOVERNANCE AND ADVISORY



BOARDS

PROCARE NETWORKS BOARD

9 MEMBERS 4 FEMALE MEMBERS



PROCARE HEALTH BOARD

10 MEMBERS 3 FEMALE MEMBERS



SENIOR MANAGEMENT

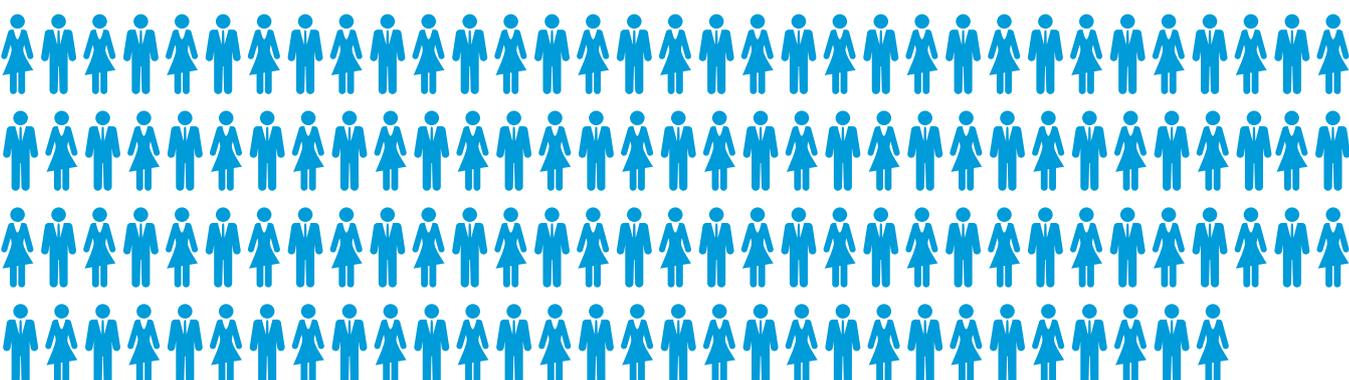
18 MEMBERS 9 FEMALE MEMBERS



PROCARE HEALTH

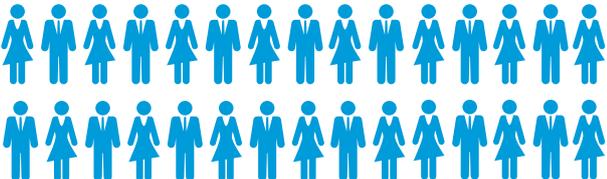
FULL TIME

129 EMPLOYEES



PART-TIME

30 EMPLOYEES



CONTRACTORS

19 EMPLOYEES



EXECUTIVE

5 EMPLOYEES



PROPER GOVERNANCE IS THE HALLMARK OF A RESPONSIBLE COMPANY WHICH WE HAVE ENCAPSULATED IN OUR BOARD CHARTER

ProCare's Boards and governance Committees are designed to ensure the Board fulfil its obligations as governors. Overall they provide business expertise and leadership, clinical governance and advice on population health needs, that ensure the ongoing success of ProCare's business and clinical direction.

The Audit & Risk Assurance Committee

The Audit & Risk Assurance Committee acts as the point of contact for the external auditors and oversees how management discharges the delegated responsibility for financial reporting, internal control and the safekeeping of assets for the ProCare group. The committee recommends the annual financial statements for approval and issue by each of the boards in the group and undertakes reviews of other specialist non-clinical matters referred by the boards. The committee reviews and reports to the boards on management's processes for the identification, prioritisation and management of risk.

James Sclater (Chairman), Dr Harley Aish, Trevor Janes, June McCabe.

The Remuneration & Governance Committee

The Remuneration & Governance Committee recommends remuneration and governance policies for directors and senior staff for approval by the PHL Board, approves senior management remuneration and monitors the performance of the Chief Executive Officer.

June McCabe (Chairman), Dr Harley Aish, Trevor Janes, James Sclater.

The Clinical Governance Committee (CGC)

The Clinical Governance Committee (CGC) supports the provision of safe and optimum health services in the populations for which we are responsible. The CGC has an advisory role to ProCare. It receives information and directive from the ProCare Health Board, ProCare administration and the greater ProCare membership.

Dr Neil Hefford (Chairman), Metua Bates, Dr John Cameron (resigned 15/10/2015), Dr Stephen Child, Jessie Crawford, Lorraine Hetaraka-Stevens, Professor Rod Jackson, Dr Jim Kriechbaum, Dr Lynne Lane (resigned 15/10/2015), Dr Dean Mackay, Dr Allan Moffitt, Patience Te Ao, Doone Winnard

Clinical Quality and Education Committee (CECQ)

CECQ monitors the quality of the professional development and education services offered to ProCare members.

Dr Jim Kriechbaum (Chairman), Dr Kim Bannister, Kim Bouzaid, Michelle Cray, Dr Jason Hasan, Sharron Jones, Cerys Lang (resigned 25/11/15), Rachel Pretorius (resigned 24/06/2015), Dr Maelen Tagg.

The Community Engagement Committee

The Community Engagement Committee gathers information on the health needs and community aspirations within our enrolled populations, provides advice on public health issues, such as drinking age and tobacco legislation, works with other health organisations to promote greater cohesion within the health sector and offers community advice on the development and implementation of health services programmes within the ProCare network.

Tevita Funaki (Chairman)

ProCare Māori Advisory Committee (ProMa)

ProCare's Māori health service follows the principles of Te Tiriti O Waitangi and is provided by a broad range of Māori staff throughout the ProCare network. The service is provided under ProCare's vision to increase health access for all high-needs groups within our region. ProMa provides advice and guidance to optimise the quality and cultural safety of health services and clinical programmes provided.

Patience Te Ao (Chairman), John Marsden, Lyvia Marsden (retired 30/06/16), Megan Tunks (retired 30/06/16), Te Puea Winiata (retired 30/06/16)

FINANCIAL STATEMENTS

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Directors' Report

For the year ended 30 June 2016

The Directors present their annual report including financial statements of the Group for the year ended 30 June 2016.

Directors

The persons listed on the directory page held office as directors during the year. No other person held the office of director at any time during the year.

Principal activities

ProCare Health Limited provides management and clinical services to its subsidiary, ProCare Networks Limited, which is a Primary Health Organisation (PHO). The Company's functions include the design, development, implementation and management of health programmes with the objective of improving the health status of patients in the care of associated general practitioners and their professional colleagues.

The Company's other subsidiaries are:

- ProCare Network West Limited was incorporated on 1 July 2007 and it did not trade during the year;
- ProCare Health (LP) Limited provided a telephone nurse triage service, which assisted the patients of subscribing GPs, PHOs and District Health Boards to access healthcare on a 24-hour basis, until 1 May 2014. After that date it became the limited partner in Homecare Medical (NZ) Limited Partnership (HMLP) which has taken over the business and associated assets of ProCare Health (LP) Limited. Its only activity going forward is to hold the Group's investment in HMLP;
- Clinical Assessments Limited facilitates the delivery of specific health service initiatives in the wider Auckland region; and
- ProCare Psychological Services Limited provides clinical psychological and psychiatric services in the wider Auckland region.

Results

	Group		Parent	
	2016 \$	2015 \$	2016 \$	2015 \$
Profit after tax for the year	275,029	664,644	1,077,785	1,390,759
Non-controlling interest in profit of subsidiary	(1,345)	(3,494)	-	-
Dividends paid to Ordinary A shareholders	(18,800)	(113,400)	(18,800)	(113,400)
Dividends paid to Ordinary B shareholders	(227,400)	(1,364,400)	(227,400)	(1,364,400)
Issue of non-voting ordinary "B" shares	-	(2,274,000)	-	(2,274,000)
Retained earnings at 1 July	1,497,355	4,588,005	999,863	3,360,904
Retained earnings at 30 June	1,524,839	1,497,355	1,831,448	999,863

Dividends

On 6 October 2015, the Board also resolved to pay fully imputed dividends of \$50 per "A" and "B" share.

Dividends were paid in December 2015 on Redeemable Preference Shares at a coupon rate of 7.5% and are recognised as an interest expense. An accrual is recognised for dividends earned as at 30 June 2016, at the coupon rate.

Auditors

BDO Auckland continue in office as auditors.

Directors' Report

For the year ended 30 June 2016

Directors' interests

Directors' interests have been declared pursuant to section 140(2) of the Companies Act 1993. Those directors are to be regarded as having an interest in any contract that may be made with any one of the group companies by virtue of their directorship or membership of those entities.

No material contracts involving directors' interests existed at the end of the financial year other than the transactions detailed below:

Directors' remuneration

	2016 \$	2016 \$
	Directors Fees	Committee Fees
ProCare Health Limited		
Dr H E Aish	80,000	-
Dr S M Clark (resigned 17 November 2015)	16,667	-
Dr J E M Fox	40,000	-
Dr N J Hefford	40,000	-
T D Janes (resigned 31 August 2016)	40,000	10,000
Dr L E J King	40,000	-
J N McCabe	40,000	15,000
J M Sclater	40,000	15,000
Dr J F V White	40,000	-
Dr C L King (appointed 17 November 2015)	23,333	-
H Janes (appointed 27 April 2016)	6,667	-
	406,667	40,000

	2016 \$
	Directors Fees
ProCare Networks Limited	
T F Funaki (Chair)	16,500
Dr R K Bannister	11,000
Dr S Fuimaono	11,000
L A Going	11,000
Dr N J Hefford	11,000
J Marsden	11,000
J N McCabe	11,000
R J E Newman	11,000
P O Te Ao	11,000
	104,500

	2016 \$
	Directors Fees
ProCare Psychological Services Limited	
S Boomert (Chair)	-
D E Baty	-
Dr A Moffitt (appointed 26 February 2016)	-
	-

Directors' Report

For the year ended 30 June 2016

Directors' remuneration (continued)

	2016 \$
Clinical Assessments Limited	Directors Fees
Dr N Hefford (Chair - appointed 8 December 2015)	2,667
Dr S M Clark (resigned 8 December 2015)	2,916
Dr J H Betteridge - paid to East Health Services Limited	2,000
P D Roseman - paid to ProCare Health Limited	2,000
	9,583
	2016 \$
ProCare Health (LP) Limited	Directors Fees
S Boomert (Chair)	-
D E Baty	-
L Sheridan (resigned 29 January 2016)	-
	-

Additional remuneration was paid to directors for services separate from services as a director as disclosed in note 20.3 of the financial statements.

Employee remuneration

The number of employees in the Group, who are not directors, whose remuneration and benefits exceeded \$100,000 in the financial year were:

Range	2016 Number
\$420,001-\$430,000	1
\$250,001-\$260,000	2
\$220,001-\$230,000	1
\$180,001-\$190,000	1
\$170,001-\$180,000	1
\$160,001-\$170,000	1
\$140,001-\$150,000	1
\$130,001-\$140,000	1
\$120,001-\$130,000	5
\$110,001-\$120,000	7
\$100,001-\$110,000	4

Directors and employees indemnity and insurance

The Company has insured all its directors and employees and those of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as directors or employees.

Donations

In accordance with section 211(1)(h) of the Companies Act 1993, the Company records that it donated a total of \$750 (2015: \$1,284) to various charities during the year.

Directors' Report

For the year ended 30 June 2016

Director share ownership

ProCare Health Limited's ordinary shares owned by directors have the same voting rights as all other ordinary shares of ProCare Health Limited currently on issue.

As at 30 June 2016, directors had a relevant interest (as defined in the Securities Markets Act 1988) in ProCare Health Limited shares as follows:

Name	Relevant interest in ProCare Shares 30 June 2016
Dr H E Aish	1
Dr S M Clark	1
Dr J E M Fox	1
Dr L E J King	1
Dr R K Bannister	1
Dr S Fuimaono	1
Dr N Hefford	1
Dr J F V White	1
Dr C L King	1

The above directors also received the Redeemable Preference Shares (RPS) as part of the capital restructure. Refer to note 18 on the RPS issue.

Use of company information

The board received no notices during the year from directors requesting to use company information received in their capacity as directors which would not have been otherwise available to them.

For and on behalf of the board



Dr H Aish, Director
4 October 2016



JM Scalter, Director
4 October 2016

Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	Group		Parent	
		2016 \$	2015 \$	2016 \$	2015 \$
Revenue	3	184,830,197	180,961,748	36,517,800	35,233,159
Other income	3	-	-	244,637	601,515
Total income		184,830,197	180,961,748	36,762,437	35,834,674
Expenses					
Clinical costs		162,002,303	158,610,422	17,062,178	16,305,396
Administrative costs	4	21,688,218	21,420,480	18,283,485	17,810,449
Total expenses	4	183,690,521	180,030,902	35,345,663	34,115,845
Operating profit		1,139,676	930,846	1,416,774	1,718,829
Finance income	3	764,341	855,932	270,820	232,192
Less: Finance costs		125,155	129,207	122,484	122,460
Net finance income		639,186	726,725	148,336	109,732
Profit before share of losses of equity accounted investees		1,778,862	1,657,571	1,565,110	1,828,561
Share of losses of equity accounted investees	16	(1,108,902)	(683,263)	-	-
Profit before tax		669,960	974,308	1,565,110	1,828,561
Income tax expense	17	394,931	309,664	487,325	437,802
Profit for the year		275,029	664,644	1,077,785	1,390,759
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		275,029	664,644	1,077,785	1,390,759
Profit attributable to:					
Owners of the company		273,684	661,150	1,077,785	1,390,759
Non-controlling interests		1,345	3,494	-	-
Profit for the year		275,029	664,644	1,077,785	1,390,759
Total comprehensive income attributable to:					
Owners of the company		273,684	661,150	1,077,785	1,390,759
Non-controlling interests		1,345	3,494	-	-
Total comprehensive income for the year		275,029	664,644	1,077,785	1,390,759

Statement of Financial Position

As at 30 June 2016

	Notes	Group		Parent	
		2016 \$	2015 \$	2016 \$	2015 \$
ASSETS					
Current assets					
Cash and cash equivalents	6	12,613,767	16,121,317	2,655,954	3,286,528
Investments - short term deposits	6	6,000,000	7,000,000	2,000,000	3,000,000
Trade and other receivables	7	6,453,354	5,946,287	2,276,155	2,258,085
Income tax receivable		2,608	20,636	-	-
Intercompany receivable	11	28,750	271,522	5,188,270	2,630,606
		25,098,479	29,359,762	12,120,379	11,175,219
Non-current assets					
Property, plant and equipment	13	211,996	571,010	211,996	571,010
Computer software	14	965,135	739,656	965,135	739,656
Deferred tax assets	17	493,747	516,229	480,927	479,751
Deferred settlement	8	345,903	330,027	-	-
Investment in subsidiaries	15	-	-	648,403	648,403
Investment in equity accounted investees	16	1,816,779	15,674	5,118	5,118
		3,833,560	2,172,596	2,311,579	2,443,938
TOTAL ASSETS		28,932,039	31,532,358	14,431,958	13,619,157
LIABILITIES					
Current liabilities					
Trade and other payables	9	7,878,386	9,050,642	4,551,896	4,302,011
Provisions	10	179,669	222,669	179,669	222,669
Deferred revenue	12	14,062,037	15,656,249	2,489,959	3,079,713
Income tax payable		283,018	27,390	246,853	2,191
Intercompany payables	11	-	-	172,754	68,019
Committed Funding to Limited Partnership	16	-	89,996	-	-
Redeemable Preference Shares	18	218,148	230,460	218,148	230,460
		22,621,258	25,277,406	7,859,279	7,905,063
Long-term liabilities					
Redeemable Preference Shares	18	2,166,000	2,166,000	2,166,000	2,166,000
TOTAL LIABILITIES		24,787,258	27,443,406	10,025,279	10,071,063
NET ASSETS		4,144,781	4,088,952	4,406,679	3,548,094
REPRESENTED BY:					
EQUITY					
Share capital	19	2,575,231	2,548,231	2,575,231	2,548,231
Retained earnings		1,524,839	1,497,355	1,831,448	999,863
Equity attributable to parent		4,100,070	4,045,586	4,406,679	3,548,094
Non-Controlling Interests		44,711	43,366	-	-
TOTAL EQUITY		4,144,781	4,088,952	4,406,679	3,548,094

For and on behalf of the board



Dr H Aish, Director
4 October 2016



JM Scalter, Director
4 October 2016

These financial statements are to be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the year ended 30 June 2016

Parent 2015	Notes	Share capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2014		275,231	3,360,904	3,636,135
Total comprehensive income for the period				
Profit for the period		-	1,390,759	1,390,759
Total comprehensive income		-	1,390,759	1,390,759
Transactions with owners recorded directly in equity				
Dividends	25	-	(1,477,800)	(1,477,800)
"A" shares repurchased	19	(1,000)	-	(1,000)
Issue of non-voting ordinary "B" shares	19	2,274,000	(2,274,000)	-
Balance at 30 June 2015		2,548,231	999,863	3,548,094

Parent 2016	Notes	Share capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2015		2,548,231	999,863	3,548,094
Total comprehensive income for the period				
Profit for the period		-	1,077,785	1,077,785
Total comprehensive income		-	1,077,785	1,077,785
Transactions with owners recorded directly in equity				
Dividends	25	-	(246,200)	(246,200)
"A" shares repurchased	19	(21,000)	-	(21,000)
Issue of ordinary "A" shares	19	48,000	-	48,000
Balance at 30 June 2016		2,575,231	1,831,448	4,406,679

Statement of Changes in Equity

For the year ended 30 June 2016

Group 2015	Notes	Attributable to owners of the Company			Non-Controlling Interest	Total Equity
		Share capital	Retained Earnings	Total		
		\$	\$	\$	\$	\$
Balance at 1 July 2014		275,231	4,588,005	4,863,236	39,872	4,903,108
Total comprehensive income for the period						
Profit for the period		-	661,150	661,150	3,494	664,644
Total comprehensive income		-	661,150	661,150	3,494	664,644
Transactions with owners recorded directly in equity						
Dividends	25	-	(1,477,800)	(1,477,800)	-	(1,477,800)
"A" shares repurchased	19	(1,000)	-	(1,000)	-	(1,000)
Issue of non-voting ordinary "B" shares	19	2,274,000	(2,274,000)	-	-	-
Balance at 30 June 2015		2,548,231	1,497,355	4,045,586	43,366	4,088,952

Group 2016	Notes	Attributable to owners of the Company			Non-Controlling Interest	Total Equity
		Share capital	Retained Earnings	Total		
		\$	\$	\$	\$	\$
Balance at 1 July 2015		2,548,231	1,497,355	4,045,586	43,366	4,088,952
Total comprehensive income for the period						
Profit for the period		-	273,684	273,684	1,345	275,029
Total comprehensive income		-	273,684	273,684	1,345	275,029
Transactions with owners recorded directly in equity						
Dividends	25	-	(246,200)	(246,200)	-	(246,200)
"A" shares repurchased	19	(21,000)	-	(21,000)	-	(21,000)
Issue of ordinary "A" shares	19	48,000	-	48,000	-	48,000
Balance at 30 June 2016		2,575,231	1,524,839	4,100,070	44,711	4,144,781

Statement of Cash Flows

For the year ended 30 June 2016

	Notes	Group		Parent	
		2016 \$	2015 \$	2016 \$	2015 \$
Cash flows (to)/from operating activities					
Cash provided from:					
Receipts from customers and funders		181,373,212	182,586,414	36,364,142	34,787,115
Interest income received		635,674	914,968	133,899	282,974
Dividends received		-	-	-	309,000
		182,008,886	183,501,382	36,498,041	35,379,089
Cash applied to:					
Payments to suppliers and providers		(171,802,837)	(167,446,552)	(24,524,060)	(24,425,378)
Payments to and on behalf of employees		(10,911,108)	(10,683,964)	(9,831,688)	(9,436,495)
Income tax paid		(98,792)	(497,075)	(71,839)	(520,733)
Interest paid		(2,671)	(6,747)	-	-
		(182,815,408)	(178,634,338)	(34,427,587)	(34,382,606)
Net cash (to)/from operating activities	24	(806,522)	4,867,044	2,070,454	996,483
Cash flows (to)/from investing activities					
Cash provided from:					
Investment in short term deposits	6	1,000,000	-	1,000,000	-
Proceeds from sale of property, plant and equipment		1,710	-	1,710	-
Cash applied to:					
Investment in and advance to equity accounted investees	16	(3,000,000)	-	-	-
Investment in short term deposits	6	-	(3,200,000)	-	(1,000,000)
Cash advance to subsidiaries		-	-	(3,000,000)	-
Purchase of property, plant & equipment and software		(348,742)	(826,741)	(348,742)	(826,741)
Net cash (to)/from investing activities		(2,347,032)	(4,026,741)	(2,347,032)	(1,826,741)
Cash flows applied to financing activities					
Cash applied to:					
Share repurchase	19	(33,312)	(1,000)	(33,312)	(1,000)
Issue of ordinary "A" shares		48,000		48,000	
Dividends paid to Ordinary A shareholders		(18,800)	(113,400)	(18,800)	(113,400)
Dividends paid to Ordinary B shareholders		(227,400)	(1,364,400)	(227,400)	(1,364,400)
Interest on Redeemable Preference Shares		(122,484)	(122,460)	(122,484)	(122,460)
Net cash applied to financing activities		(353,996)	(1,601,260)	(353,996)	(1,601,260)
Net (decrease) in cash and cash equivalents		(3,507,550)	(760,957)	(630,574)	(2,431,518)
Cash and cash equivalents at beginning of the year		16,121,317	16,882,274	3,286,528	5,718,046
Cash and cash equivalents at the end of the year	6	12,613,767	16,121,317	2,655,954	3,286,528

Statement of Significant Accounting Policies

For the year ended 30 June 2016

1. CORPORATE INFORMATION

The financial statements presented are for the reporting entity ProCare Health Limited and for the Group comprising ProCare Health Limited (the parent company and the ultimate holding company), ProCare Health (LP) Limited, Clinical Assessments Limited, ProCare Psychological Services Limited, ProCare Networks Limited and ProCare Network West Limited (non trading), (the subsidiaries), and the Group's interest in equity accounted investees.

The financial statements of ProCare Health Limited and the financial statements for the Group for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Directors on 4 October 2016.

The financial statements are for the year ended 30 June 2016.

The companies are limited liability companies incorporated and domiciled in New Zealand under the Companies Act 1993 and are reporting under the Financial Reporting Act 2013.

The company is registered under the Companies Act 1993 and is an issuer for the purposes of the transitional provisions legislated under section 55 of the Financial Reporting Act 2013, accordingly the Financial Reporting Act 1993 continues to apply to the company.

Principal activities

ProCare Health Limited provides management and clinical services to its subsidiary ProCare Networks Limited which is a Primary Health Organisation (PHO). The Company's functions include the design, development, implementation and management of health programmes with the objective of improving the health status of patients in the care of associated general practitioners and their professional colleagues.

The Company's other subsidiaries are:

ProCare Network West Limited was incorporated on 1 July 2007. It did not trade during the year.

ProCare Health (LP) Limited provided a telephone nurse triage service, which assists the patients of subscribing GPs, PHOs and District Health Boards to access healthcare on a 24-hour basis, until 1 May 2014. After that date it became the limited partner in Homecare Medical (NZ) Limited Partnership which has taken over the business and assets of ProCare Health (LP) Limited.

Clinical Assessments Limited facilitates the delivery of specific health service initiatives in the wider Auckland region.

ProCare Psychological Services Limited provides clinical psychological and psychiatric services in the wider Auckland region.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with 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-orientated entities. The financial statements also comply with International Financial Reporting Standards. The financial statements comprise the consolidated financial statements of the Group and the separate financial statements of the parent Company. The Company and the Group are profit-oriented entities.

Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the Company's and Group's functional currency and presentation currency. All values are rounded to the nearest dollar.

Basis of measurement

The financial statements are prepared on the historical cost basis.

2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

- Income recognition and deferral utilising the income recognition policies in 2.3. See notes 3 - Income and 12 - Deferred Income.
- Revenue recognition in relation to the National Telehealth contract in HMLP. See note 16.
- Recognition of deferred taxation in accordance with the taxation policy in 2.3. See note 17.2.
- Recognition of provisions in accordance with the provision policy in 2.3. See note 10.
- Estimation of when the Redeemable Preference Shares will be redeemed. See note 18.
- Estimation of the fair value of the deferred settlement. See note 8.
- Taxation. See note 17.

2.3 Specific accounting policies

The following specific accounting policies which materially affect the measurement of profit and the financial position have been applied.

Revenue recognition

Revenue is recognised when it is earned. Funding received in advance of service provision is treated as deferred income until the related service provision obligations are met. This includes initiatives funding.

Performance management income is recognised when the Ministry of Health confirms the level of entitlement. Historically, this was done six months, approximately six months after the period to which the income related to. No accrual was made for periods yet to be confirmed, for the six months until 30 June year end, as it was not possible to reliably estimate this income given the complexity of the performance measures. Changes to reporting processes has enabled the Ministry of Health to confirm the entitlement for 30 June 2015 prior to the finalisation of the 30 June 2015 financial statements, according the 30 June 2015 period has six quarters income.

Interest earned on funding received in advance of service provision is also treated as deferred income per funding agreements required to be applied to the provision of future health services on the basis that the Company and Group have a constructive obligation to the funder. It is not regarded as income available to shareholders.

Interest income is recognised in the profit or loss on an accrual basis, using the effective interest method.

Deferred income held as 'Settlement saving funding' is held for the provision of general health services that meet criteria set when the funding was received. The deferral is based on the constructive obligations arising from undertakings given by the Company. These funds will be applied to meet current service expenditure at the Directors' discretion.

Dividend income is recognised in the profit or loss on the date the Company's right to receive payment is established.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2016 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the Group.

Statement of Significant Accounting Policies

For the year ended 30 June 2016

Subsidiaries are entities that are controlled, either directly or indirectly, by the Parent. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

For the Group, intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Acquisition of non-controlling interests

Acquisition of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Investment in subsidiaries

In the parent Company's financial statements, investments in subsidiaries are stated at cost less any impairment if applicable.

Investments in associates and joint venture

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or joint venture is initially recognised in the balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is recognised in the profit or loss on a straight line basis

over the estimated useful lives. Leased assets under finance leases are depreciated over the shorter of the lease term or their useful lives.

Property, plant and equipment depreciation rates are summarised as follows for the current and prior year:

Leasehold improvements: 20% straight line

Furniture and equipment : 20% - 40% straight line

Computer hardware: 33% straight line

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or parent Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other subsequent expenditure is expensed as incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the profit or loss.

Computer software

All costs directly incurred in the purchase or development of major computer software or subsequent upgrades and material enhancements, which can be reliably measured and are not integral to a related asset, are capitalised as computer software.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Costs incurred on computer software maintenance are expensed to the profit or loss as they are incurred.

Computer software is amortised over the period of time during which the benefits are expected to arise, being two to five years. Amortisation commences once the computer software is available for use. The amortisation period is reviewed at each reporting date, with the effects of any changes in estimate accounted for on prospective basis.

Financial instruments

Financial assets and liabilities are recognised in the statement of financial position initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when the parent Company or Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Statement of Significant Accounting Policies

For the year ended 30 June 2016

The Group derecognises a financial liability when its contractual obligations are discharged, canceled or expire.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, short term deposits, loans and other borrowings, trade and other payables, redeemable preference shares and intercompany receivables and payables.

Financial assets and financial liabilities are only offset if there is currently legally enforceable right of offset and the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group has one classification of financial assets, loans and receivables. Loans and receivables comprise cash and cash equivalents, short term deposits, trade and other receivables and inter-company receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in the active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. Loans and receivables are carried at amortised cost using the effective interest method, less impairment loss.

Trade and other receivables

Trade and other receivables are stated at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts). An impairment allowance is established when there is objective evidence that the Group or parent Company will not be able to collect all amounts due according to the original terms of the receivable. Receivables of a short-term duration are not discounted.

Trade and other payables

Trade and other payables are carried at amortised cost using the effective interest method and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Investments - short term deposits

Investments in short term deposits include short-term liquid investments maturing within four to twelve months. These are measured at amortised cost using the effective interest method, less impairment loss.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future

operating losses are not provided for.

Leased assets and lease incentives

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subject to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

Other leases are operating leases and the leased assets are not recognised on the statement of financial position. Payments made or received under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

The incentive to lease, paid by the landlord is amortised over the term of the lease, on a straight line basis.

Impairment

Financial assets (including receivables)

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss, and reflected in an allowance account against receivables.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's and parent's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped

Statement of Significant Accounting Policies

For the year ended 30 June 2016

together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in previous periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Liabilities for annual leave are accrued and recognised in the statement of financial position in respect of annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

The Group recognises a liability and an expense for employee bonuses where contractually obliged or when there is a constructive obligation to pay bonuses based on past practice.

Liabilities for wages and salaries, including non monetary benefits, and annual leave expected to be settled within 12 months of reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Taxation

Income tax for the period comprises current and deferred tax. Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at reporting date after taking advantage of all allowable deductions under current taxation legislation and any adjustment to tax liabilities in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference 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 tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Dividend Policy

The Company has a dividend policy of distributing around 50 % of the

Net Profit after Tax with imputation credits attached only to the extent that these are available from taxation payments. The Directors reserve the right to amend the dividend policy at any time. Each dividend will be determined after due consideration of the capital requirements, operating performance, financial position and cash flows of the Company at the time.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or is a subsidiary that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

Deferred Settlement

The fair value of the deferred payment is recognised as an asset at the acquisition date, calculated by discounting the expected cash flows comprising the deferred payment. The difference between the nominal and discounted value of the deferred payment will be recognised as notional interest income over the period of the settlement.

Goods and services taxation (GST)

The statement of comprehensive income has been prepared on a basis exclusive of GST.

All items in the statement of financial position are stated net of GST, with the exception of receivables and payables which are GST inclusive.

Statement of cash flows

The following is the definition of the terms used in the statement of cash flows:

- Cash and cash equivalents means coins, notes, demand deposits and other highly liquid investments in which the Group has invested as part of its day to day cash management. Cash and cash equivalents does not include receivables or payables or any borrowing that forms part of a term liability.
- Investing activities include those relating to the addition, acquisition and disposal of property, plant and equipment and any addition and reduction of subsidiary investments and loans.
- Financing activities are those activities that result in changes in the size and composition of the capital structure of the Group
- Operating activities include all transactions and other events that are neither investing or financing activities.

In addition to those policies the Group adopted the following accounting policies.

Compound financial instruments

Compound financial instruments issued by the Company comprise Redeemable Preference Shares.

The liability component of a compound financial instrument is recognised initially at the fair value of the contractual coupon payable on the Redeemable Preference Shares over the estimated period to redemption.

The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Statement of Significant Accounting Policies

For the year ended 30 June 2016

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

Changes in accounting policies adopted in the preparation and presentation of financial statements

There are no standards or interpretations that are effective for the first time this year that have had a material impact on the Group.

2.4 New standards and interpretations not yet effective

There are new standards, amendments to published standards and interpretations that are mandatory for the Group's financial periods beginning on or after 1 January 2016 or later periods that are applicable to the Group, but which the Group has not adopted earlier.

	Standard/ Interpretation	Effective date (Periods beginning on or after)
NZ IFRS 9 (2013)	Financial Instruments	1 January 2018
NZ IFRS 15	Revenue	1 January 2018
NZ IFRS 16	Leases	1 January 2019
NZ IAS	Presentation of Financial Statements	1 January 2016

The Group is yet to assess the full impact of NZ IFRS 15 and 16. NZ IFRS 15 and 16 are applicable for financial reporting periods beginning on or after 1 January 2018 and 2019, respectively.

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes to the Financial Statements

For the year ended 30 June 2016

3. INCOME

	Group		Parent	
	2016	2015	2016	2015
3.1 Revenue	\$	\$	\$	\$
First level services funding	127,619,842	125,329,931	-	-
Other DHB or Ministry of Health funding (health initiatives)	44,574,583	45,264,964	29,666,901	27,249,128
Performance management fees	4,555,499	6,283,212	4,564,087	6,452,618
Transfer (to)/from deferred income	1,363,529	(1,567,541)	359,070	812,325
Other	6,716,744	5,651,182	1,927,742	719,088
	184,830,197	180,961,748	36,517,800	35,233,159

	Group		Parent	
	2016	2015	2016	2015
3.2 Other income	\$	\$	\$	\$
Rent received from subsidiaries	-	-	244,637	192,515
Dividend received from subsidiaries and associates	-	-	-	409,000
	-	-	244,637	601,515

	Group		Parent	
	2016	2015	2016	2015
3.3 Financial income	\$	\$	\$	\$
Interest received	623,894	890,743	130,373	267,003
Transfer (to)/from deferred interest income	140,447	(34,811)	140,447	(34,811)
	764,341	855,932	270,820	232,192

Notes to the Financial Statements

For the year ended 30 June 2016

4. EXPENSES

	Group		Parent	
	2016	2015	2016	2015
4.1 Expenses	\$	\$	\$	\$
First level service to GPs	127,619,917	125,329,930	-	-
Other Primary Health Organisation expenses	34,382,386	33,280,492	17,062,178	16,305,396
Administrative expenditure - refer to 4.2 below	21,688,218	21,420,480	18,283,485	17,810,449
	183,690,521	180,030,902	35,345,663	34,115,845

	Group		Parent	
	2016	2015	2016	2015
4.2 Breakdown of administrative expenses	\$	\$	\$	\$
Fees paid to auditors - BDO				
Audit of financial statements	81,750	70,750	63,000	58,750
Taxation services	12,300	9,900	7,750	7,450
Accounting advice	9,204	3,889	9,204	3,889
Review of half-year financial statements	18,825	-	18,825	-
Bad debts	1,670	(242)	-	-
Allowance for impairment losses on trade receivables	948	(2,634)	-	-
Depreciation	316,001	325,255	316,001	325,255
Amortisation	156,107	172,063	156,107	172,063
Directors remuneration	558,750	556,500	446,666	445,000
Employee remuneration	10,990,642	10,580,524	9,895,775	9,351,052
Property expenses	743,991	809,384	712,220	784,065
Loss on disposal of property, plant & equipment	8,459	49	8,459	49
Staff cost (training, recruitment, temp/contract staff) ¹	2,486,628	2,432,205	1,548,206	1,443,603
Other expenses	6,302,943	6,462,837	5,101,272	5,219,273
	21,688,218	21,420,480	18,283,485	17,810,449

¹ Includes Kiwisaver defined contribution for the Group of \$240,328 (2015: \$167,672) and for the Parent of \$214,233 (2015: \$143,896)

Notes to the Financial Statements

For the year ended 30 June 2016

5. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Loans and receivables				
Cash and cash equivalents	12,613,767	16,121,317	2,655,954	3,286,528
Investments - short term deposits	6,000,000	7,000,000	2,000,000	3,000,000
Trade and other receivables	6,416,246	5,887,625	1,976,294	1,814,208
Intercompany receivables	28,750	271,522	5,188,266	2,630,606
Deferred settlement	345,903	330,027	-	-
	25,404,666	29,610,491	11,820,514	10,731,342
Financial liabilities at amortised cost				
Trade and other payables	6,665,691	8,200,440	3,662,082	3,559,288
Intercompany payables	-	-	172,754	68,019
Redeemable Preference Shares	2,384,148	2,396,460	2,384,148	2,396,460
	9,049,839	10,596,900	6,218,984	6,023,767

6. CASH AND CASH EQUIVALENTS AND INVESTMENTS

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Bank - Cash and cash equivalents	12,613,767	16,121,317	2,655,954	3,286,528
Short term deposits with maturities 4-12 months - Investments	6,000,000	7,000,000	2,000,000	3,000,000
	18,613,767	23,121,317	4,655,954	6,286,528

Bank balances and cash held by the Group is on a short term basis with original maturity of three months or less. The carrying amounts of these assets approximate their fair value.

7. TRADE AND OTHER RECEIVABLES

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade receivables	6,421,192	5,891,623	1,980,292	1,818,206
Impairment allowance	(4,946)	(3,998)	(3,998)	(3,998)
	6,416,246	5,887,625	1,976,294	1,814,208
Prepayments	37,108	58,662	14,694	49,961
GST receivable	-	-	285,167	393,916
	6,453,354	5,946,287	2,276,155	2,258,085
Movements in the specific impairment allowance				
Balance at start of year	(3,998)	(6,632)	(3,998)	(5,818)
(Additional allowance)/balance written off	(948)	2,634	-	1,820
Balance at end of year	(4,946)	(3,998)	(3,998)	(3,998)

Trade receivables have a 30 day collection cycle. Any debtors that extend beyond this point are identified for discussion by management to include in the impairment allowance. The Group monitors its debtors closely and considers there is no requirement for a collective allowance.

Notes to the Financial Statements

For the year ended 30 June 2016

8. DEFERRED SETTLEMENT

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Deferred Settlement - receivable	375,000	375,000	-	-
Deferred Settlement - notional interest	(44,973)	(60,849)	-	-
Released notional interest	15,876	15,876	-	-
Net present value of deferred settlement	345,903	330,027	-	-

Under the terms of the sale and purchase agreement dated 27 March 2014, Homecare Medical (NZ) Limited Partnership (the Partnership) acquired assets and contracts of ProCare Health (LP) Limited. The terms of the sale and purchase agreement included provision of a deferred payment of part of the consideration for these assets and contracts.

The agreement allows for the consideration to be settled progressively throughout the earn out period (four years from the establishment of the Partnership) depending on the earnings of Homecare Medical (NZ) Limited Partnership.

The fair value of the deferred revenue is recognised as a receivable at the acquisition date, calculated by discounting the expected cash flows comprising the deferred payment. The difference between the nominal and discounted value of the deferred receivable will be recognised as notional interest income over the period of the settlement.

9. TRADE AND OTHER PAYABLES

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade creditors	3,181,906	4,967,810	1,851,372	1,706,769
Health service claims	1,279,974	1,214,061	1,279,974	1,214,061
Other accruals	2,203,811	2,018,569	530,736	638,458
	6,665,691	8,200,440	3,662,082	3,559,288
GST payable	263,172	63,080	-	-
Other taxes (PAYE)	2,269	2,406	-	-
Accrual for holiday pay	589,081	546,826	538,497	509,882
Accrual for bonuses	162,240	167,044	162,240	167,044
Accrual for employee entitlements	195,933	70,846	189,077	65,797
	7,878,386	9,050,642	4,551,896	4,302,011

The fair value of trade and other payables approximates their carrying value. No interest is paid on payables.

Notes to the Financial Statements

For the year ended 30 June 2016

10. PROVISIONS

Group and Parent As at 30 June 2015	ADHB recovery & legal \$	Redundancies \$	Total \$
Balance at 1 July 2014	119,669	174,000	293,669
Provisions made during the year	60,000	43,000	103,000
Provisions used during the year	-	(158,862)	(158,862)
Provisions reversed during the year	-	(15,138)	(15,138)
Balance at 30 June 2015	179,669	43,000	222,669
Non-current	-	-	-
Current	179,669	43,000	222,669

Group and Parent As at 30 June 2016	ADHB recovery & legal \$	Redundancies \$	Total \$
Balance at 1 July 2015	179,669	43,000	222,669
Provisions made during the year	73,871	40,000	113,871
Provisions used during the year	(73,871)	(83,000)	(156,871)
Provisions reversed during the year	-	-	-
Balance at 30 June 2016	179,669	-	179,669
Non-current	-	-	-
Current	179,669	-	179,669

DHB recovery & legal

The Auckland District Health Board (ADHB) has notified the Company of a potential claim against a contracted provider and the Company under the PHO services agreement for capitation incorrectly claimed and the costs of the subsequent investigation. If the claim is successful the Company will be required to pay ADHB the management fees received within the period to which the action relates. Should ADHB be successful in its claim but unsuccessful in recovering capitation funding from the provider, it has reserved the right to seek to recover these funds from the Company.

The provision for the management fee recovery has been recognised by the Company. These management fees will be repaid if the action against the GP is proven. The Company has not made any provision for the balance of funds not recovered from the provider because the Company cannot reliably measure the quantum of any claims and because the Company intends to contest any such claims made.

The Company has provided for the expected legal costs associated with the Company's involvement with this issue.

Redundancies

Redundancy provisions are recognised upon Board approval of the restructure of part of the Company which is expected to result in selected redundancies and once this has been communicated to the employees likely to be affected by the restructure. The provision is based on the estimated redundancy payouts associated with the plan. The 2015 redundancy provision has been paid during the 2016 financial year.

Notes to the Financial Statements

For the year ended 30 June 2016

11. INTERCOMPANY ADVANCES

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Due to:				
Subsidiaries				
ProCare Psychological Services Limited	-	-	172,754	68,019
	-	-	172,754	68,019
Owing by:				
Subsidiaries				
ProCare Health (LP) Limited	-	-	2,663,208	18,000
Clinical Assessments Limited	-	-	4,333	5,216
ProCare Networks Limited	-	-	2,491,975	2,575,509
Equity accounted investees				
Homecare Medical (NZ) Limited Partnership	-	239,641	-	-
Homecare Medical (General Partner) Limited	28,750	31,881	28,750	31,881
	28,750	271,522	5,188,266	2,630,606

The amounts outstanding are unsecured, interest free, repayable on demand and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current year for bad or doubtful debts in respect of the amounts owed to or by related parties.

12. DEFERRED INCOME

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Settlement saving funding	1,294,163	1,294,163	1,294,163	1,294,163
Interest income from settlement saving funding	448,725	589,172	448,725	589,172
Other programme funding	12,031,758	13,395,286	459,680	818,750
Initiatives funding	287,391	377,628	287,391	377,628
	14,062,037	15,656,249	2,489,959	3,079,713
Non-current	-	-	-	-
Current	14,062,037	15,656,249	2,489,959	3,079,713

The above revenue is deferred to reflect either the contractual obligations associated with the contracts or the constructive obligations arising from commitments by the Board to spend these funds on specific projects. They have been classified as current or term depending on the terms of the contracts or if no time frame exists on management estimate of when the funds will be spent. The funds associated with this income are restricted for use in accordance with the obligations.

Notes to the Financial Statements

For the year ended 30 June 2016

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and equipment	Computer hardware	Total
	\$	\$	\$	\$
Group and Parent				
2015				
Cost				
At 1 July 2014	600,463	403,383	656,265	1,660,111
Additions	30,490	17,911	325,296	373,697
Disposals	-	(3,016)	(193,832)	(196,848)
At 30 June 2015	630,953	418,278	787,729	1,836,960
Accumulated depreciation				
At 1 July 2014	368,116	274,437	494,941	1,137,494
Depreciation for the year	122,525	67,092	135,638	325,255
Disposals	-	(2,967)	(193,832)	(196,799)
At 30 June 2015	490,641	338,562	436,747	1,265,950
Carrying amount at 30 June 2015	140,312	79,716	350,982	571,010
Carrying amount at 1 July 2014	232,347	128,946	161,324	522,617

	Leasehold improvements	Furniture and equipment	Computer hardware	Total
	\$	\$	\$	\$
Group and Parent				
2016				
Cost				
At 1 July 2015	630,953	418,278	787,729	1,836,960
Additions	7,768	15,568	29,110	52,446
Disposals	-	(10,718)	(97,887)	(108,605)
At 30 June 2016	638,721	423,128	718,952	1,780,801
Accumulated depreciation				
At 1 July 2015	490,641	338,562	436,747	1,265,950
Depreciation for the year	116,647	63,320	136,034	316,001
Disposals	-	(9,975)	(3,171)	(13,146)
At 30 June 2016	607,288	391,907	569,610	1,568,805
Carrying amount at 30 June 2016	31,433	31,221	149,342	211,996

Notes to the Financial Statements

For the year ended 30 June 2016

14. COMPUTER SOFTWARE

Group and Parent	\$
2015	
Cost	
At 1 July 2014	1,308,589
Additions	
- Acquisitions - internally developed	138,062
- Other acquisition	314,982
Disposals	(7,616)
At 30 June 2015	1,754,017
Accumulated Amortisation	
At 1 July 2014	849,914
Amortisation for the year	172,063
Disposals	(7,616)
At 30 June 2015	1,014,361
Carrying amount at 30 June 2015	739,656
Carrying amount at 1 July 2014	458,675
Group and Parent	\$
2016	
Cost	
At 1 July 2015	1,754,017
Additions	
- Acquisitions - internally developed	94,304
- Other acquisition	287,282
Disposals	-
At 30 June 2016	2,135,603
Accumulated Amortisation	
At 1 July 2015	1,014,361
Amortisation for the year	156,107
Disposals	-
At 30 June 2016	1,170,468
Carrying amount at 30 June 2016	965,135

Notes to the Financial Statements

For the year ended 30 June 2016

15. INVESTMENT IN SUBSIDIARIES

The following entities meet the definition of a subsidiary as described in the specific accounting policy "Principles of Consolidation" and accordingly are fully consolidated.

	Parent			
	2016 \$	2015 \$	2016 \$	2015 \$
Subsidiaries				
ProCare Networks Limited	100%	100%	-	-
ProCare Network West Limited	100%	100%	-	-
ProCare Health (LP) Limited	100%	100%	100,000	100,000
ProCare Psychological Services Limited	100%	100%	534,303	534,303
Clinical Assessments Limited	67%	67%	14,100	14,100
			648,403	648,403

Previously the Directors concluded that all non-fully owned entities above were under the control of ProCare Health Limited and therefore consolidated. This conclusion was based on the Directors deeming that they had power to govern the financial and operating policies of these entities so as to derive benefits from their activities, as in accordance with NZ IAS 27.

This conclusion was reassessed following the adoption of NZ IFRS 10 Consolidated Financial Statements which is now applicable for ProCare Health Limited for the year ended 30 June 2015. It was concluded that ProCare Health Limited controls these entities as it is exposed to variable returns from its involvement with them and has the ability to affect those returns through its power over them.

As a result there was no change to the treatment of these entities following the adoption of NZ IFRS 10 Consolidated Financial Statements.

16. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

All entities are incorporated and domiciled in New Zealand.

Homecare Medical (General Partner) Limited

In February 2014, ProCare Health Limited and Pegasus Health (Charitable) Limited established Homecare Medical (General Partner) Limited which became the general partner in Homecare Medical (NZ) Limited Partnership.

Homecare Medical (NZ) Limited Partnership

On 19 February 2014, ProCare Health (LP) Limited entered into a Limited Partnership agreement with Pegasus Health (LP) Limited. The new Partnership acquired 100% of the business and associated assets of ProCare Health (LP) Limited as noted in note 20. The acquisition was effective from 2 May 2014.

	2016 \$	2015 \$
Investment in/(committed funding) to Homecare Medical (NZ) Limited Partnership		
Committed Funding to Limited Partnership	-	(89,996)
Investment in Limited Partnership	1,801,120	-
Committed Funding and Investment in Limited Partnership	1,801,120	(89,996)
Opening Balance	(89,996)	593,392
Capital contribution	3,000,000	-
Share of losses of equity accounted investees	(1,108,887)	(683,388)
Others	3	-
	1,801,120	(89,996)

As Homecare Medical (NZ) Limited Partnership (HMLP) is a limited partnership it is not responsible for income tax. The losses reported above are exclusive of income tax which is accounted for by the limited partners. Procare Health (LP) Limited is a limited partner in HMLP and accounts for income tax in relation to the above losses.

Notes to the Financial Statements

For the year ended 30 June 2016

16. INVESTMENT IN EQUITY ACCOUNTED INVESTEES (continued)

The Group holds 50% of the capital of HMLP. This investment has accounted as a Joint Venture. Following a lengthy procurement process, on 18th June 2015 HMLP was identified as the preferred provider of National Telehealth Services by the Ministry of Health. The contract is a significant one that commenced on 1 November 2015. The Company and its fellow limited partner have committed to provide funding to HMLP to cover the costs of initially setting up systems and processes to enable the partnership to service the new contract. In October 2015, the limited partners contributed additional capital of \$3million each to cover the set up costs. In 2015 the Company has recognised the contribution as an advance payment to the limited partner. The net position has been shown as a Committed Funding under liabilities.

The new National Telehealth Services contract, together with its existing business, is expected to ensure that HMLP is sufficiently profitable in the future to enable it to repay the Company's additional funding, existing receivables and deferred consideration.

Primary Options Limited

Primary Options Limited is a dormant company.

Primary Options Limited commenced trading on 25 February 2010 and ceased trading in December 2011.

The Company held one third of the share capital of Primary Options Limited.

			Group		Parent	
	2016	2015	2016	2015	2016	2015
			\$	\$	\$	\$
Primary Options Limited	33%	33%	15,541	15,556	5,000	5,000
			15,541	15,556	5,000	5,000

BPAC New Zealand Limited and New Zealand Medicines Formulary Limited Partnership

The Company is not in a position to obtain financial benefits from its investment in BPAC New Zealand Limited. As BPAC New Zealand Limited is a registered charity that is not able to make any distributions to its shareholders, all assets must be utilised in achieving its charitable purpose. Accordingly the financial performance of BPAC New Zealand Limited has not been equity accounted.

New Zealand Medicines Formulary Limited Partnership was formed in 2011 from seed capital provided from BPAC NZ on behalf of its shareholders. The partnership has yet to commence business. Any returns from the partnership will first go to repay the initial advance from BPAC NZ Limited.

The Company held 16.67% of the share capital of BPAC New Zealand Limited.

			Group		Parent	
	2016	2015	2016	2015	2016	2015
			\$	\$	\$	\$
BPAC New Zealand Limited	16.67%	16.67%	118	118	118	118
			118	118	118	118

Notes to the Financial Statements

For the year ended 30 June 2016

16. INVESTMENT IN EQUITY ACCOUNTED INVESTEES (continued)

Summary financial information for equity accounted investee, not adjusted for the percentage ownership held by the Group for the period ending 30 June 2016:

	Primary Options Limited		Homecare Medical (NZ) Limited Partnership		Homecare Medical (General Partner) Limited	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Current assets						
Cash & cash equivalents	21,828	21,896	931,423	80,075	-	-
Other current assets	23	-	2,927,437	483,105	28,750	31,881
Non current assets	-	-	4,613,530	1,394,354	-	-
Total assets	21,851	21,896	8,472,390	1,957,534	28,750	31,881
Current liabilities						
Financial Liabilities	1,800	1,800	2,226,579	545,665	28,750	31,881
Other current liabilities	-	-	1,278,416	242,577	-	-
Non current liabilities						
Financial Liabilities	-	-	345,903	330,027	-	-
Total liabilities	1,800	1,800	3,850,898	1,118,269	28,750	31,881
Net assets	20,051	20,096	4,621,492	839,265	-	-
Group's share of net assets	6,684	6,699	2,310,746	419,633	-	-
Dividends Received	-	9,000	-	-	-	-

	Primary Options Limited		Homecare Medical (NZ) Limited Partnership		Homecare Medical (General Partner) Limited	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Revenues	-	-	29,617,917	4,003,945	319,861	332,672
Interest Income	69	491	141,711	24,776	-	-
Expenses						
Interest Expense	-	-	15,876	15,876	-	-
Depreciation	-	-	308,331	91,569	-	-
Other Expenses	114	115	31,653,194	5,288,052	319,861	332,672
Income Tax	-	-	-	-	-	-
Profit/(Loss)	(45)	376	(2,217,773)	(1,366,776)	-	-
Group's share of profit/(loss)	(15)	125	(1,108,887)	(683,388)	-	-

Notes to the Financial Statements

For the year ended 30 June 2016

17. TAXATION

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
17.1 Income tax				
Income tax represented by:				
Income tax expense from continuing operations	394,931	309,664	487,325	437,802
	394,931	309,664	487,325	437,802
Current tax	372,449	353,707	488,501	469,861
Deferred tax asset	22,482	(44,043)	(1,176)	(32,059)
	394,931	309,664	487,325	437,802
Net profit before taxation	669,960	974,308	1,565,110	1,828,561
Prima facie income tax at 28%	187,589	272,806	438,231	511,997
Tax effect of permanent differences	207,342	36,858	49,094	40,325
Non-assessable dividend income	-	-	-	(114,520)
Income tax expense	394,931	309,664	487,325	437,802
17.2 Deferred tax asset and liabilities				
Balance at beginning of year	516,229	472,186	479,751	447,692
Current year temporary differences	(22,482)	44,043	1,176	32,059
Balance at end of year	493,747	516,229	480,927	479,751
Balance at year end attributable to:				
Employee Entitlements	159,549	167,803	146,995	135,990
Trade Receivables	1,385	1,119	1,119	1,119
Deferred Revenue	125,643	164,968	125,643	164,968
Provisions	63,676	62,276	63,676	62,276
Property, Plant & Equipment	143,494	120,062	143,494	115,398
	493,747	516,229	480,927	479,751

Notes to the Financial Statements

For the year ended 30 June 2016

17. TAXATION (continued)

17.3 Imputation Credit Account (ICA)

The company is part of a consolidated imputation credit tax group and accordingly imputation credits are only presented at a Group level. Movements for the year were:

	Group	
	2016 \$	2015 \$
Opening balance	827,727	1,834,713
Add:		
Income tax paid	101,484	599,493
Resident Withholding Tax paid	13,995	2,827
Other credits	424	412
Less:		
Refund received	(28,845)	(103,123)
Credit attached to dividends (paid)/received	(143,498)	(1,506,595)
Closing balance (at year end)	771,288	827,727

The 2015 numbers have been updated to correct the level of credits attached to the bonus issue. The closing credits represent the maximum amount of tax credits available to be attached to future dividends payable by the company and subject to shareholder continuity rules.

Notes to the Financial Statements

For the year ended 30 June 2016

18. REDEEMABLE PREFERENCE SHARES

In October 2012 the Board resolved to restructure the Company's capital by issuing 25 fully paid Redeemable Preference Shares (RPS) for every one ordinary share on issue.

They issued 25 fully paid RPS for every one ordinary share on issue, and subsequently resolved to immediately redeem 13 RPS for a consideration of \$500 per share. The remaining RPS will pay a coupon rate set at the Board's discretion and is to be set at a premium over the five year swap rate at 30 June of the year of review. The coupon rate for the first five years shall be 7.5% per annum non-cumulative. This results in \$12,500 per share being returned to shareholders. The effect of this transaction is a reduction in the Company and Group's retained reserves of \$4,737,500, an increase in liabilities of \$2,274,000 and a reduction in cash of \$2,463,500.

The holders of Taxable RPS have the right to:

1. receive notice and attend but not vote at the Company's annual general meeting unless the business of the meeting includes consideration of a resolution directly or adversely varying any of the special rights attached to the Taxable RPS (in which case the holder may vote only in respect of that resolution).
2. return of the amount paid up on the RPS \$500 and any accrued but unpaid (coupon) dividend in priority to the ordinary shares.

The RPS are redeemable at the discretion of the Board.

Redeemable Preference Shares	Number of shares	\$
Opening balance as at 1 July 2014	4,548	2,274,000
Share repurchased	-	-
Issue of shares	-	-
Closing balance as at 30 June 2015	4,548	2,274,000
Opening balance as at 1 July 2015	4,548	2,274,000
Share repurchased	(24)	(12,000)
Issue of shares	-	-
Closing balance as at 30 June 2016	4,524	2,262,000

Redeemable Preference Shares	Group and Parent	
	2016 \$	2015 \$
Proceeds from the bonus issue of Redeemable Preference Shares (4,524 shares at \$500)	2,262,000	2,274,000
Transaction costs	-	-
Net proceeds	2,262,000	2,274,000
Accrued interest	122,148	122,460
Carrying amount of liability at 30 June	2,384,148	2,396,460
Current	218,148	230,460
Non-current	2,166,000	2,166,000
	2,384,148	2,396,460

Notes to the Financial Statements

For the year ended 30 June 2016

19. SHARE CAPITAL

	Group		Parent	
	2016 \$	2015 \$	2016 \$	2015 \$
Paid in capital				
443 (2015:389) Ordinary A shares	301,231	274,231	301,231	274,231
4548 Ordinary B shares	2,274,000	2,274,000	2,274,000	2,274,000
	2,575,231	2,548,231	2,575,231	2,548,231

All shares on issue are fully paid. All ordinary shares rank equally. Each fully paid ordinary share has one vote. Each ordinary share has identical dividend rights.

Included in ordinary shares are 67 (2015: 13) treasury shares have been acquired by the Company at a range of prices but most recently \$500.

An application was made on 31 May 2013 to the Charities Commission for charitable status. Charitable status was granted on 3 December 2013.

The Directors also resolved that 12 non-voting ordinary "B" shares be issued as fully paid, for every one ordinary share on issue, to the ProCare Charitable Foundation on the understanding that it obtains charitable status under the Charities Act 2005. The effect of this transaction is a reduction in the Company and Group's retained reserves of \$2,274,000 and a corresponding increase in non-voting ordinary "B" share capital. There is no effect on cash.

On 7 October 2014, the Board issued 1 "B" Share as a non-taxable bonus issue and then issued 4,547 non-voting ordinary "B" shares as a taxable bonus issue to the ProCare Charitable Foundation.

Notes to the Financial Statements

For the year ended 30 June 2016

20. RELATED PARTIES

For the purposes of this note, related parties include any of the following:

- Key management personnel or a close member of their family
- Directors and entities they control or have significant influence over.

	Group	
	2016	2015
	\$	\$
20.1 Transactions with key management personnel		
Short-term employment benefits	1,492,997	1,472,688
Directors fees (See Directors' Report)	558,750	556,500
20.2 Transactions between related entities		
Subsidiaries		
ProCare Health (LP) Limited		
Cash advances	3,000,000	-
Dividend payable to ProCare Health Limited	-	100,000
Clinical Assessments Limited		
Cost recoveries and management fees paid to ProCare Health Limited	50,000	52,664
ProCare Psychological Services Limited		
Cost recoveries and management fees paid to ProCare Health Limited	763,234	592,768
Government funding via ProCare Health Limited	2,444,254	2,630,145
Government funding via ProCare Networks Limited	101,270	101,270
Dividend paid to ProCare Health Limited	-	300,000
ProCare Networks Limited		
Health initiatives funds refunded by ProCare Health Limited	-	385,000
Cost recoveries and management fees paid to ProCare Health Limited	30,379,742	30,215,878
Clinical costs paid to ProCare Psychological Services Limited	101,270	101,270
The Company performs tax administration in respect of GST and Income tax for its wholly owned subsidiaries. Amounts due are paid to the Company, who in turns pays the Inland Revenue Department on behalf of the subsidiary.		
Equity accounted investees		
Homecare Medical (General Partner) Limited		
Management fees (including rent up to 31 October 2015) paid to ProCare Health Limited	319,861	332,672
Homecare Medical (NZ) Limited Partnership		
Cost recoveries (including rent from 1 November 2015) paid to ProCare Health Limited	1,004,633	386,032
Capital contribution by ProCare Health (LP) Limited	3,000,000	-
Other entities		
Procure Charitable Foundation		
Issue of Ordinary "B" shares	-	2,274,000
Payment of dividend	227,400	1,364,400

Notes to the Financial Statements

For the year ended 30 June 2016

20. RELATED PARTIES (continued)

	Group	
	2016	2015
	\$	\$
20.2 Transactions between related entities (continued)		
Outstanding balances at 30 June relating to these transactions were:		
Parent		
ProCare Health Limited		
Owed to related parties	172,754	68,019
Owed by related parties	5,188,266	2,630,606
Subsidiaries		
ProCare Health (LP) Limited		
Owed to related parties	2,663,208	(82,000)
Owed by related parties	-	239,641
A letter of support from the Company confirms continued financial support and that the cash advance of \$3 million will not need to be repaid unless ProCare Health (LP) Limited is in a position to do so.		
Clinical Assessments Limited		
Owed to related parties	4,333	5,216
ProCare Psychological Services Limited		
Owed by related parties	181,193	76,460
ProCare Networks Limited		
Owed to related parties	2,500,414	2,583,948

The amounts outstanding are unsecured and payable on normal trade terms as with all creditors.

20.3 Other transactions with directors

During the year the Group made payments to GPs in relation to first level services, programme claims and PHO performance management. Some of these GPs are Directors in the Company and its subsidiaries. In the case of payments for first level services, the payments are made on behalf of the District Health Boards and are based on registers of enrolled patients submitted by the doctors to the District Health Boards. The payments to GPs for programme claims are made to all GPs at the same rate within their PHO area regardless of their status as a Director and Non-Director. The payments for performance management are based on algorithms that reflect the contribution of GPs and/or practices to PHO performance management targets. The algorithms are applied consistently in calculating and making of payments to GPs or GPs' practices regardless of whether the GP is a Director or not.

The amounts outstanding are unsecured and payable on normal trade terms as with all GPs.

	Group	
	2016	2015
	\$	\$
Transactions between the Group and Directors in their capacity as shareholders in ProCare Health Limited		
First level services	1,978,590	1,603,706
Programme claims	70,582	74,426
Performance management*	160,802	115,067
Management services	6,250	15,000
Interest on Redeemable Preference Shares	2,585	2,585
	2,218,809	1,810,784

* the payment for performance management are made to the Directors' Practices, instead of each individual GP.

Notes to the Financial Statements

For the year ended 30 June 2016

20. RELATED PARTIES (continued)

	Group	
	2016	2015
	\$	\$
20.3 Other transactions with directors (continued)		
Balances arising from transactions with Directors in their capacity as shareholders in ProCare Health Limited		
Receivables	18,468	-
Payables	38,519	20,675

The Company has received revenue from Accident Compensation Corporation (ACC), of which Trevor Janes is a Deputy Chair. The revenues were in relation to general practice support services. Total revenue received during the year is \$8,436 (2015: \$2,483). The outstanding balance owed by ACC at 30 June 2016 is \$nil (2015: \$nil).

During the year, the Company purchased legal services of \$9,084 (2015: \$7,466), from Hanne Janes, director of ProCare Health Limited.

In conducting its activities, the Company is required to pay ACC levies. The payment of these levies is based on the standard terms and conditions that apply to all levy payers.

The terms and conditions of those transaction between the Company and ACC are no more favourable than the Company would have adopted if there were no relationship to the Board of Directors.

21. OPERATING LEASE COMMITMENTS

Leases as lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Less than one year	546,426	571,947	546,426	571,947
One to five years	1,220,125	166,203	1,220,125	166,203
Five years and above	-	-	-	-
	1,766,551	738,150	1,766,551	738,150

During the year an amount of \$481,553 was recognised as an expense in profit or loss in respect of operating leases (2015: \$494,400).

The Company leases a number of premises under operating leases. The leases typically run for three to seven years, with rights of renewal for a further two to six years.

Leases as lessor

The Company sublets the premise on Stanley Street to the Homecare Medical (NZ) Limited Partnership. The lease expires in June 2020.

During the year, \$260,748 was recognised as revenue in profit or loss in respect of operating leases (2015: \$57,672).

Operating lease payments expected as an operating lessor

The value of future minimum operating lease payments receivable:

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Less than one year	354,012	57,670	354,012	57,670
One to five years	1,069,749	-	1,069,749	-
Five years and above	15,508	-	15,508	-
	1,439,269	57,670	1,439,269	57,670

Notes to the Financial Statements

For the year ended 30 June 2016

22. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Other than the matters noted in note 10, there were no contingent liabilities or other capital expenditure not provided for at reporting date (2015: \$nil).

23. FINANCIAL INSTRUMENTS

Currency risk

The Group has no exposure to foreign exchange risk. The Group only transacts in New Zealand dollars.

Interest rate risk

At reporting date, the Group has the following financial assets exposed to New Zealand variable interest rate risk:

	Group		Parent	
	2016 \$	2015 \$	2016 \$	2015 \$
Bank - Cash and cash equivalents	12,613,767	16,121,317	2,655,954	3,286,528
Short term deposits with maturities 4-12 months - Investments	6,000,000	7,000,000	2,000,000	3,000,000
	18,613,767	23,121,317	4,655,954	6,286,528

2.99% was the average interest rate earned on cash deposits and short term deposits (2015: 4.07%).

The Group has no significant debt exposure.

It is estimated a 100 basis point decrease in interest rates would result in a decrease in the Group's interest earned in a year by approximately \$186,138 on the Group's investment portfolio exposed to floating rates at balance date (2015: 50 basis point decrease of \$115,607).

A portion of interest income is included in deferred interest revenue and therefore the above amounts would not impact fully on the profit before tax and equity.

Based on historical movements and volatilities and management's knowledge and experience, management believes that the above movements are 'reasonably possible' over a 12 month period: A parallel shift of between 1%-2% in market interest rates. The impact on the profit or loss of a 1% movement is presented above.

Notes to the Financial Statements

For the year ended 30 June 2016

23. FINANCIAL INSTRUMENTS (continued)

Credit risk

To the extent that the Group has a receivable from another party, there is a credit risk in the event of non-performance of the counterparty. Financial instruments which potentially subject ProCare Health Limited to credit risk are listed below:

The Group manages its exposure to credit risk by performing credit evaluations on all customers requiring credit. Internal reporting surrounding the aging of its trade receivables occurs. The Group does not take guarantees, security interest as collateral or charge penalty interest on receivables past due.

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Maximum exposures to credit risk at reporting date are:				
Cash and cash equivalents	12,613,767	16,121,317	2,655,954	3,286,528
Investments - short term deposits	6,000,000	7,000,000	2,000,000	3,000,000
Trade receivables	6,421,192	5,891,623	1,980,292	1,818,206
Intercompany receivables	28,750	271,522	5,188,266	2,630,606
Deferred settlement	345,903	330,027	-	-
	25,409,612	29,614,489	11,824,512	10,735,340
The status of trade receivables at reporting date is as follows:				
Up to 30 days	6,009,984	5,587,725	1,820,687	1,765,911
31 to 90 days	182,293	174,400	17,808	9,915
More than 90 days	228,915	129,498	141,797	42,380
	6,421,192	5,891,623	1,980,292	1,818,206
Allowance for impairment	(4,946)	(3,998)	(3,998)	(3,998)
	6,416,246	5,887,625	1,976,294	1,814,208
Trade receivables not past due and not impaired	6,005,038	5,583,727	1,816,689	1,761,913
Trade receivables past due but not impaired	411,208	303,898	159,605	52,295
Trade receivables impaired individually	4,946	3,998	3,998	3,998
Trade receivables impaired collectively	-	-	-	-
	6,421,192	5,891,623	1,980,292	1,818,206

Refer to note 7 for the reconciliation of the movement in the impairment allowance.

Notes to the Financial Statements

For the year ended 30 June 2016

23. FINANCIAL INSTRUMENTS (continued)

Concentrations of credit risk

Cash and short term deposits are held with two separate trading banks which all have acceptable credit ratings.

New Zealand Government departments and District Health Boards are regarded as a single customer. They comprise a significant amount of total revenue, being 99% (2015: 99%) for the Group and are considered an acceptable credit risk given their government backing. There are no other large concentrations of risk identified by the Directors.

Credit facilities

The Group does not have an overdraft facility.

The ProCare Health Limited receivable primarily relates to ProCare Networks Limited for fee payables under a Primary Health Organisation's service agreement, which are due from the District Health Boards.

Deferred settlement

The receivable relates to fair value of deferred payment of the consideration receivable from Homecare Medical (NZ) Limited Partnership.

Liquidity risk

All contractual financial liabilities stated in note 5 are due to mature in less than six months time. There are no financial guarantees provided by the Group other than as disclosed below.

Liquidity represents the Group's ability to meet its contractual obligations.

The Group evaluates its liquidity requirements on an ongoing basis.

The Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

The table below analyses the Group's financial liabilities into relevant maturity bands, based on the remaining period from reporting date to the contractual maturity date. The cash flow amounts disclosed in the table represent undiscounted cash flows liable for payment by the Group.

Group	Notes	Carrying amount	Total contractual cash flows	On demand	6 months - 1 year	1 - 5 years	More than 5 years
As at 30 June 2016							
Trade and other payables	9	7,878,386	7,878,386	7,878,386	-	-	-
Redeemable Preference Shares	18	2,384,148	612,300	-	122,460	489,840	(1)
		10,262,534	8,490,686	7,878,386	122,460	489,840	-
As at 30 June 2015							
Trade and other payables	9	9,050,642	9,050,642	9,050,642	-	-	-
Redeemable Preference Shares	18	2,396,460	612,300	-	122,460	489,840	(1)
		11,447,102	9,662,942	9,050,642	122,460	489,840	-
Parent	Notes	Carrying amount	Total contractual cash flows	On demand	6 months - 1 year	1 - 5 years	More than 5 years
As at 30 June 2016							
Trade and other payables	9	4,551,896	4,551,896	4,551,896	-	-	-
Redeemable Preference Shares	18	2,384,148	612,300	-	122,460	489,840	(1)
		6,936,044	5,164,196	4,551,896	122,460	489,840	-
As at 30 June 2015							
Trade and other payables	9	4,250,740	4,250,740	4,250,740	-	-	-
Redeemable Preference Shares	18	2,396,460	612,300	-	122,460	489,840	(1)
		6,647,200	4,863,040	4,250,740	122,460	489,840	-

⁽¹⁾ The Company is committed to pay \$122,460 per annum until such time as the shares are redeemed.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

For the year ended 30 June 2016

23. FINANCIAL INSTRUMENTS (continued)

Fair values

Due to the financial assets and liabilities being cash, short term deposits and trade balances of a short term nature, the carrying amount is a reasonable approximation of their fair values. As such additional disclosure relating to the fair value of financial assets is not required.

Other risk

A significant amount of funding comes from the New Zealand Government departments and District Health Boards. The Group has contracts with these entities that sets pricing and some programmes have capped claim drawdowns. As noted above, there is a concentration of reliance on the New Zealand Government departments and District Health Boards. When contracts are due for renewal, there is always a risk that pricing may be adjusted or contracts will not be renewed with entities within the Group.

Capital risk management

The Group does not rely on any external debt and does not have any externally imposed capital requirements. The Group's capital includes share capital and retained earnings. The Group's capital management objectives are to safeguard the Group's ability to continue as going concern and to deliver its services to its members and the public.

There were no changes in the Group's approach to capital management.

Bank guarantee

ProCare Health Limited has signed a lease with Manukau City Centre Limited for premises in Westfield Manukau mall. The lease is for seven years effective from 30 June 2011. The condition of the lease is an ANZ bank guarantee in favour of Manukau City Centre Limited of \$40,000.

Bank security agreement

The Company has executed a General Security Agreement providing a first ranking charge over its present and after property in favour of its bankers in consideration of receiving a clean credit payroll facility of \$550,000.

Notes to the Financial Statements

For the year ended 30 June 2016

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	Group		Parent	
	2016 \$	2015 \$	2016 \$	2015 \$
Profit for the year	275,029	664,644	1,077,785	1,390,759
Non-cash items				
Depreciation	472,108	497,318	472,108	497,318
Amortisation of lease incentive	53,716	56,419	53,716	56,419
Loss/(Gain) on sale of property, plant and equipment	8,459	49	8,459	49
Bad and impairment allowance accounts	948	(2,634)	-	(1,820)
Deferred income tax	22,482	(44,043)	(1,176)	(32,059)
Movement in deferred interest income	(140,446)	34,811	(140,447)	34,811
Share of losses of equity accounted investees	1,108,902	683,263	-	-
	1,526,169	1,225,183	392,660	554,718
Movements in working capital				
(Increase)/decrease in prepayments	21,554	67,453	35,267	59,294
(Increase)/decrease in trade receivable	(545,449)	(793,182)	(162,086)	941,837
(Increase)/decrease in inter-company receivable	242,772	28,053	547,071	(106,269)
Increase/(decrease) in taxation payable	273,656	(143,369)	244,662	(222,872)
Increase/(decrease) in trade payable	(1,292,864)	3,180,111	329,369	102,731
Increase/(decrease) in deferred revenue	(1,507,481)	906,414	(503,023)	(1,476,116)
Increase/(decrease) in GST	200,092	(268,263)	108,749	(247,599)
	(2,607,720)	2,977,217	600,009	(948,994)
Net cash from operating activities	(806,522)	4,867,044	2,070,454	996,483

25. DIVIDENDS

On 6 October 2015, the Board resolved to pay fully imputed dividends of \$50 per "A" and "B" share (2015: \$300 per share)

26. SUBSEQUENT EVENTS

There were no events subsequent to reporting date that would affect the financial statements (2015: \$nil).

Independent Auditor's Report



BDO AUCKLAND

INDEPENDENT AUDITOR'S REPORT To the Shareholders of ProCare Health Limited

Report on the Financial Statements

We have audited the financial statements of ProCare Health Limited ("the Company") and its subsidiaries (together referred to as "the Group") on pages 33 to 65, which comprise the statements of financial position as at 30 June 2016, the statements of changes in equity, statements of comprehensive income and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information for both the Company and Group.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and New Zealand Equivalents to International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 entity's preparation of financial statements that present fairly, in all material respects 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 entity'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 overall 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.

In addition to audit services, our firm provides other services in the areas of taxation compliance and accounting advice. We have no other relationship with or interests in ProCare Health Limited or any of its subsidiaries.

Opinion

In our opinion, the financial statements on pages 33 to 65, present fairly, in all material respects the financial position of ProCare Health Limited and the Group as at 30 June 2016, and their financial performance and cash flows for the year then ended in accordance with generally accepted accounting practice and New Zealand Equivalents to International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all information and explanations that we have required.
- In our opinion, proper accounting records have been kept by ProCare Health Limited as far as appears from our examination of those records.

BDO Auckland

BDO Auckland
2 November 2016
Auckland
New Zealand

Directors' Interests

As at 30 June 2016

The following are general disclosures of interest given by Directors of the Group pursuant to section 140(2) of the Companies Act 1993 as at 30 June 2016.

Dr H E Aish

ProCare Health Limited	Director & Shareholder
ProCare Network West Limited	Director
Otara Family & Christian Health Centre Limited	Director
Medical Assurance Society New Zealand Limited	Director

Dr J E M Fox

ProCare Health Limited	Director & Shareholder
Goodfellow Foundation	Trustee
Institute of Directors	Member
Meadowbank General Practice	Partner
Medical Council of NZ	Member
Renown Medical Services Limited	Director & Shareholder

T D Janes

ProCare Health Limited	Director
Abano Healthcare Group Limited	Chair
Accident Compensation Corporation	Deputy Chair
International Development Advisory and Selection Panel	Member
NZ Post	Member, Postal Network Access Committee
Certus Solutions Limited	Director & Shareholder
NZ Markets Disciplinary Tribunal	Member

Dr L E J King

ProCare Health Limited	Director & Shareholder
Lewis King Limited	Director & Shareholder
Mairangi Medical Centre Limited	Director
Shorecare Medical Services Limited	Shareholder

J N McCabe

ProCare Health Limited	Director
ProCare Networks Limited	Director
ProCare Charitable Foundation	Chair
Avanti Finance Limited	Director
Galatos Finance Limited	Director
Sustainable Prosperity NZ Limited	Director
Northland District Health Board	Director
Maori Liaison Committee with The Law Commission	Member
Te Waka Pupuri Putea (a commercial subsidiary of Te Rarawa Runanga)	Director
Te Whaingā Putea Limited	Director
Taitokerau Fibre Network Limited	Executive Director

J M Sclater

ProCare Health Limited	Director
ProCare Network West Limited	Director
Homecare Medical (General Partner) Limited	Director
Jamiga Investments Limited	Director & Shareholder
Hellynann Limited	Director & Shareholder
Callander Farms Limited	Director
Avoca Lime Co (2010) Limited	Director
Clark Products Limited	Director
Damar Industries Limited	Director
Gillespie Property Group Limited	Director
Reloaders Supplies Limited	Director
PQ Group Limited	Director
Hellaby Holdings Limited	Director & Shareholder
STM Group NZ Limited	Director
RD Group Holdings	Director

Dr N J H Hefford

ProCare Health Limited	Director & Shareholder
ProCare Networks Limited	Director
Clinical Assessments Limited	Chair
ProCare Clinical Governance Committee	Chair
Grey Lynn Family Medical Limited	Director/GP
Konnect Clinical Advisory Group	Member

Dr J F V White

ProCare Health Limited	Director & Shareholder
ProCare Pacific Advisory Committee (ProPa)	Member
Mt Eden Medical Centre	Partner/GP
Konnect Clinical Advisor Group	Member
NZMA General Practice Council	Deputy Chair
BPAC NZ Limited	Director

C L King

ProCare Health Limited	Director & Shareholder
Health New Lynn Limited	Director & Chair
Westcare Medical Limited	Shareholder

H Janes

ProCare Health Limited	Director
Selenium Corporation Limited	Director & Shareholder

T F Funaki

ProCare Networks Limited	Chair
ProCare Pacific Advisory Committee (ProPa)	Member
West Fono Health Trust	Chief Executive
St Mary's School, Avondale Board of Trustees	Chair
Waitakere Task Force on Family Violence	Member
Waiemata Police District Pacific Advisory Board	Member
MSD Community Response	Member
Pacific Peoples Advisory Panel - Auckland Council	Member
Oceania Career Academy	Chair/Director
Advisory Board Police Commissioner	Member

Dr R K Bannister

ProCare Health Limited	Shareholder/Contracted GP
ProCare Networks Limited	Director
ShoreCare Accident and Medical	Shareholder
WDHB - Clinical Advisor in Primary Healthcare	Employee
Mairangi Medical Centre Limited	Director
Mairangi Properties Owners Limited	Director
McClann Medical Services Limited	Director

Dr S Fuimaono

ProCare Health Limited	Director & Shareholder
ProCare Networks Limited	Director
ProCare Pacific Advisory Committee	Chair
Takanini Care Limited	Shareholder

R J E Newman

ProCare Networks Limited	Director
Milford Family Medical Centre	Employee
National Influenza Specialist Group	Member
New Zealand Nurses Organisation	Financial Member
New Zealand Practice Manager's Organisation	Financial Member
Laser Nail Clinic	Shareholder

L A Going

ProCare Networks Limited	Director
Peninsula Medical Centre Limited	Managing Director/Shareholder
Ongoing Enterprises Limited	Manager/Shareholder
Practice Managers & Administrators of New Zealand	Financial Member
South Pacific Clinical Trials Limited	Director & Shareholder

Directors' Interests

As at 30 June 2016

J A Marsden

ProCare Networks Limited	Director
Te Puna Hauora o te Raki Paewhenua	General Manager
TWONA - Te Puna Whanau Ora Network Alliance	Director
Hapai te Hauora o Tapui Trust	Director
Te Runanga o Ngati Whatua	Trustee
Equip Ltd (Mental Health Provider)	Kaumatua (Maori elder)
Connect Ltd (Mental Health Provider)	Kaumatua (Maori elder)
Raeburn House (Community Support Provider)	Kaumatua (Maori elder)
Northcote College	Kaumatua (Maori elder)
Nga Tikanga Pono Kohanga reo	Kaumatua (Maori elder)
Caughey Preston, Aged Persons Care	Kaumatua (Maori elder)
Waitemata Police	Kaumatua (Maori elder)

P O Te Ao

ProCare Networks Limited	Director
ProCare Clinical Governance Committee	Member
ProMa Advisory Committee	Member
Watercare Limited, Monitoring Group	Member
Te Kauhanganui O Waikato	Member
Waikato Tainui Te Arataura	Board Member
Waikato Tainui Social Development	
Te ope Koi Ora	Member

S J Boomert

ProCare Health Limited	CEO
ProCare Psychological Services Limited	Chair
ProCare Health (LP) Limited	Director
Homecare Medical (General Partner) Limited	Director
Primary Options Limited	Director

D E Baty

ProCare Health Limited	COO
ProCare Psychological Services Limited	Director
ProCare Health (LP) Limited	Director
Siquol Limited	Director & Shareholder

Dr J H Betteridge

Clinical Assessments Limited	Director
John Betteridge Medical Limited	Director & Shareholder
General Practice New Zealand	Councillor
East Health Trust PHO	Trustee
East Health Services Limited	Director & Shareholder
East Care Properties Limited	Shareholder
East Care Limited	Shareholder
East Health Management Limited	Director & Shareholder

P D Roseman

ProCare Health Limited	Employee
Clinical Assessments Limited	Director
Roseman & Associates Limited	Director & Shareholder

ProCARE

ProCare Health Limited

ProCare Networks Limited
ProCare Psychological Services Limited
ProCare Health (LP) Limited
Clinical Assessments Limited

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