



Greencross Vets

26 February 2013

GREENCROSS LIMITED (ASX: GXL) Announcement HALF YEAR REPORT AND ACCOUNTS

Summary of Results for the Half Year period ending 31 December 2012

Greencross Limited ('Greencross' or 'the Company') is pleased to report the following for the half year period ending 31 December 2012:

1. Revenue growth of 29.8%;
2. Underlying earnings per share growth of 23.6%;
3. Like for like revenue and EBITDA growth of 3.8% and 12.1% respectively; and
4. Operating cash flow growth of 49.4%
5. Cash on hand at the end of the period of \$6.8m (FY12: \$3.3m) and the unutilised acquisition funding facility with the Commonwealth Bank of Australia was \$9.7m.

The Company is pleased to announce the underlying results for the period 1 July 2012 to 31 December 2012 to be as follows:

\$M	1H12 Actual	1H13 Actual	Increase
REVENUE	39.4m	51.2m	29.8%
UNDERLYING EBITDA	5.9m	7.8m	32.2%
UNDERLYING NPAT	2.6m	3.5m	34.6%
UNDERLYING BASIC EPS	8.69 cents	10.74 cents	23.6%
DIVIDENDS PER SHARE	4.0 cents	5.0 cents	25.0%
OPERATING CASH FLOW	4.5m	6.7m	49.4%

Note: Underlying figures exclude adjustments for deferred purchase payments, one-off acquisition costs and set-up costs in relation to the new Vepa Labs business. A full reconciliation can be found in the Appendix 4D and the half year financial statement on page 2.

Note also Greencross' announcement on 18 December 2012 that the Company's new auditor questioned the accounting treatment of the deferred purchase payments recorded in the accounts of eight acquisitions of the Company. The effect of the accounting discrepancy is to treat these payments as a remuneration expense rather than payments for goodwill of the business. The Company made the required changes to the accounting treatment for the effected deferred purchase payments. This one-off accounting adjustment have resulted in 1H13 reported NPAT being \$0.963m and reported EPS for the period of 2.99 cents.

The Company notes that there has been NO effect on the cashflow of the business from the adjustments to the effected deferred purchase payments and notes that operating cash flow is up 49.4% for the period.

Dividend

The Directors have resolved to declare an interim dividend for the period ended 31 December 2012 of 5 cents per share, fully franked. The Record date for the dividend will be 15 March 2013 and the dividend is expected to be paid on or around 22 March 2013.

The interim dividend will be subject to the Company's Dividend Reinvestment Plan ('DRP'). Shares subject to the DRP will be issued at a 2.5% discount to the volume weighted average price (VWAP) for Greencross shares traded over the 5 days following the Record Date and will rank equally with all other shares.

Please find following the Appendix 4D and the half year financial statement for the Company.

As per the announcement made on 18 February 2013, the Company can confirm that the Placement to institutional and sophisticated investors of 3.28 million shares at \$3.40 per share to raise \$11.164 million has now been completed. Of this, approximately \$600k was subscribed by interests associated with Directors and is subject to shareholders approval.

-END-

ABOUT GREENCROSS

Greencross was established in 2003 and has grown to become Australia's leading veterinary services company through the acquisition and integration of 89 practices around Australia.

Greencross's strategy is to continue to consolidate the fragmented veterinary services industry in Australia and is focused on delivering exceptional veterinary medicine and levels of care to its patients. The company's vision is to be the practice of choice for employees, clients, patients and shareholders.

For further information please contact:

Glen Richards

Managing Director, Greencross Limited Phone: (07) 3435 3535

APPENDIX 4D

HALF-YEAR REPORT

1. Company details

Name of entity:	Greencross Limited
ABN:	58 119 778 862
Reporting period:	Half-year ended 31 December 2012
Previous corresponding period:	Half-year ended 31 December 2011

2. Results for announcement to the market

Revenues from ordinary activities	up	29.8%	to	\$ 51,227,000
Profit from ordinary activities after tax attributable to the owners of Greencross Limited	down	61.3%	to	\$ 963,000
Profit for the period attributable to the owners of Greencross Limited	down	61.3%	to	\$ 963,000

Dividends

	Amount per security	Franked amount per security
Final dividend for the financial year ended 30 June 2012	4.000 cents	4.000 cents

An interim dividend for the financial year ending 30 June 2013 has been declared at the date of signing of 5 cents per share, at a Record Date of 15 March 2013 which is expected to be paid on 22 March 2013.

The dividend will be subject to the company's Dividend Reinvestment Plan ('DRP') at a 5% discount to the 5 day volume weight average price ('VWAP') and is fully franked.

Comments

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$963,000 (31 December 2011: \$2,490,000).

Full details of the review of operations for the financial half-year can be found in the Directors' Report in the attached Interim Report.

3. Net tangible assets

	Reporting period	Previous corresponding period
Net tangible assets backing per ordinary security	(84.80) cents	(68.40) cents

4. Control gained over entities

Name of entities (or group of entities)	Refer to note 17 'Business combinations' in the attached Interim Report	
Date control gained	As above	
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)		\$ -
Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)		\$ -

5. Loss of control over entities

Name of entities (or group of entities)	Not applicable	
Date control lost		
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)		\$ -
Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)		\$ -

6. Dividends

Current period

	Amount per security	Franked amount per security
Final dividend for the financial year ended 30 June 2012	4.000 cents	4.000 cents

An interim dividend for the financial year ending 30 June 2013 has been declared at the date of signing of 5 cents per share, at a Record Date of 15 March 2013 which is expected to be paid on 22 March 2013.

The dividend will be subject to the company's Dividend Reinvestment Plan ('DRP') at a 5% discount to the 5 day volume weight average price ('VWAP') and is fully franked.

Previous corresponding period

	Amount per security	Franked amount per security
Final dividend for the financial year ended 30 June 2011	3.000 cents	3.000 cents

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The dividend reinvestment plan dated 31 March 2011 is in operation, which can be downloaded from <http://www.greencrossvet.com.au/Docs/8-Dividend-Reinvestment-Plan-Rules.pdf>

The last date(s) for receipt of election notices for the dividend or distribution plans: 16 March 2012

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
Not applicable				
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit(loss) from ordinary activities before income tax			\$ -	\$ -
Income tax on operating activities			\$ -	\$ -

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The accounts were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Greencross Limited for the half-year ended 31 December 2012 is attached.

12. Signed

Signed:  _____

Date: 26 February 2013

Wesley Coote
Company Secretary
Brisbane

Greencross Limited

ABN 58 119 778 862

Interim Report - 31 December 2012

Greencross Limited
Contents
31 December 2012

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Greencross Limited
Directors' report
31 December 2012

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Greencross Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2012.

Directors

The following persons were directors of Greencross Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Andrew Geddes - Chairman
Dr Glen Richards
Dr John Odium
Jeffrey David
Stuart James

Principal activities

The principal activity of the consolidated entity during the financial half-year was operating as a provider of veterinary services.

The consolidated entity is the leading veterinary services company in Australia which was listed on the ASX in 2007. Since listing the consolidated entity has grown into a substantial business through the acquisition of 87 practices around Australia.

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$963,000 (31 December 2011: \$2,490,000).

Greencross is a leading veterinary services company in Australia.

Established in 2007, Greencross has grown into a substantial business through the acquisition of 87 practices around Australia. Revenue for the period under review was \$51.227 million (31 December 2011: \$39.473 million) and the consolidated entity reported a profit after income tax of \$0.963 million (31 December 2011: \$2.490 million) after eliminating non-controlling interests.

At the end of the period under review, Greencross had grown its Healthy Pets Plus memberships to 9,700 members. This program, along with many other organic initiatives has seen like for like revenue growth for the period of 3.83% (31 December 2011: 1.00%) and like for like EBIT growth of 12.07% (31 December 2011: 2.03%).

During the half year the consolidated entity acquired control of the following:

- Kilsyth Veterinary Clinic
- Silkstone Veterinary Hospital
- Coomera Veterinary Clinic
- The Vets Veterinary Clinics in Nerang, Helensvale and Robina
- Eastwood House Veterinary Surgery
- Clifford Park Veterinary Surgery

Details of these acquisitions are included in Note 17 to the Financial Report.

The underlying profit for the period is \$3,463,000 (31 December 2011: \$2,631,000) which is calculated as follows:

Greencross Limited
Directors' report
31 December 2012

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Profit attributable to equity holders	963	2,490
<i>Add back:</i>		
Deferred settlements treated as remuneration	1,878	-
One-off acquisition costs	311	141
Vepa start-up costs expensed	311	-
	<hr/>	<hr/>
Underlying profit attributable to equity holders	3,463	2,631

Weighted average shares outstanding (refer Note 20 in the Financial Report), 32,236,194 (31 December 2011: 30,268,986).

Underlying earnings per share ('underlying EPS') is 10.74 cents (31 December 2011: 8.69 cents).

Significant changes in the state of affairs

The consolidated entity acquired the following businesses during the financial half-year:

- Kilsyth Veterinary Clinic – acquired on 17 July 2012;
- Eastwood House and Clifford Park Veterinary Surgery (through its subsidiary Greencross Vets Toowoomba Pty Ltd) - acquired on 31 July 2012;
- Silkstone Veterinary Hospital – acquired on 5 October 2012;
- Anvet Coomera Surgery – acquired on 16 October 2012; and
- The Vets Australia Group Gold Coast – acquired on 15 November 2012.

The consolidated entity also acquired the remaining 49% interest in the following company during the financial half-year:

- Greencross Vets Toowoomba Pty Ltd (previously Care Veterinary Group Pty Ltd) - 49% acquired on 14 December 2012. This entity is now a 100% subsidiary.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Glen Richards
Managing Director

26 February 2013
Brisbane



Auditor's Independence Declaration

As lead auditor for the review of Greencross Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Greencross Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Adam Thompson', followed by a horizontal line.

Adam Thompson
Partner
PricewaterhouseCoopers

Brisbane
26 February 2013

Greencross Limited
Statement of comprehensive income
For the half-year ended 31 December 2012

		Consolidated	
	Note	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Revenue	5	51,227	39,473
Share of losses of associates accounted for using the equity method	6	-	(5)
Expenses			
Consumables used		(12,956)	(10,435)
Employee benefits expense	7	(25,814)	(17,651)
Depreciation and amortisation expense	7	(829)	(633)
Occupancy costs		(4,311)	(3,218)
Acquisition costs		(311)	(141)
Other expenses		(2,630)	(2,231)
Finance costs	7	(1,476)	(983)
Profit before income tax expense		2,900	4,176
Income tax expense		(1,540)	(1,300)
Profit after income tax expense for the half-year		1,360	2,876
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>1,360</u>	<u>2,876</u>
Profit for the half-year is attributable to:			
Non-controlling interest		397	386
Owners of Greencross Limited		<u>963</u>	<u>2,490</u>
		<u>1,360</u>	<u>2,876</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		397	386
Owners of Greencross Limited		<u>963</u>	<u>2,490</u>
		<u>1,360</u>	<u>2,876</u>
		Cents	Cents
Basic earnings per share	20	2.99	8.23
Diluted earnings per share	20	2.98	8.23

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Greencross Limited
Statement of financial position
As at 31 December 2012

		Consolidated	
	Note	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Assets			
Current assets			
Cash and cash equivalents	9	6,816	3,348
Trade and other receivables		1,620	1,053
Inventories		3,505	3,148
Loans		247	231
Prepayments		599	657
Other		473	438
Total current assets		<u>13,260</u>	<u>8,875</u>
Non-current assets			
Property, plant and equipment	10	12,763	10,300
Intangibles	11	63,844	59,180
Deferred tax		1,288	793
Total non-current assets		<u>77,895</u>	<u>70,273</u>
Total assets		<u>91,155</u>	<u>79,148</u>
Liabilities			
Current liabilities			
Trade and other payables	12	10,875	7,529
Borrowings		1,487	786
Income tax		1,703	1,030
Provisions		2,699	2,416
Other		496	268
Total current liabilities		<u>17,260</u>	<u>12,029</u>
Non-current liabilities			
Payables		2,038	1,203
Borrowings	13	35,476	30,652
Provisions		495	422
Total non-current liabilities		<u>38,009</u>	<u>32,277</u>
Total liabilities		<u>55,269</u>	<u>44,306</u>
Net assets		<u>35,886</u>	<u>34,842</u>
Equity			
Issued capital	14	25,334	23,044
Other reserves		(1,482)	(381)
Reserves		276	201
Retained profits		11,451	11,766
Equity attributable to the owners of Greencross Limited		<u>35,579</u>	<u>34,630</u>
Non-controlling interest		<u>307</u>	<u>212</u>
Total equity		<u>35,886</u>	<u>34,842</u>

Refer to note 3 for detailed information on restatement of comparatives.

The above statement of financial position should be read in conjunction with the accompanying notes

Greencross Limited
Statement of changes in equity
For the half-year ended 31 December 2012

	Issued capital \$'000	Other reserves \$'000	Reserves \$'000	Retained profits \$'000	Non- controlling interest \$'000	Total equity \$'000
Consolidated						
Balance at 1 July 2011	20,747	-	133	9,412	-	30,292
Profit after income tax expense for the half-year	-	-	-	2,490	386	2,876
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	2,490	386	2,876
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 14)	385	-	-	-	-	385
Shares issued on option exercised	231	-	-	-	-	231
Options issued	-	-	68	-	-	68
Distributions	-	-	-	-	(99)	(99)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	246	246
Dividends paid (note 15)	-	-	-	(898)	(10)	(908)
Balance at 31 December 2011	<u>21,363</u>	<u>-</u>	<u>201</u>	<u>11,004</u>	<u>523</u>	<u>33,091</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Greencross Limited
Statement of changes in equity
For the half-year ended 31 December 2012

	Issued capital \$'000	Other reserves \$'000	Reserves \$'000	Retained profits \$'000	Non- controlling interest \$'000	Total equity \$'000
Consolidated						
Balance at 1 July 2012	23,044	(381)	201	12,125	212	35,201
Adjustment for correction of error (note 3)	-	-	-	(359)	-	(359)
Balance at 1 July 2012 - restated	23,044	(381)	201	11,766	212	34,842
Profit after income tax expense for the half-year	-	-	-	963	397	1,360
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	963	397	1,360
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 14)	2,206	-	-	-	-	2,206
Shares issued on option exercised	84	-	-	-	-	84
Options issued	-	-	75	-	-	75
Distributions	-	-	-	-	(60)	(60)
Transactions with non- controlling interest	-	(1,101)	-	-	(67)	(1,168)
Dividends paid (note 15)	-	-	-	(1,278)	(175)	(1,453)
Balance at 31 December 2012	<u>25,334</u>	<u>(1,482)</u>	<u>276</u>	<u>11,451</u>	<u>307</u>	<u>35,886</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Greencross Limited
Statement of cash flows
For the half-year ended 31 December 2012

		Consolidated	
	Note	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		55,932	43,131
Payments to suppliers and employees (inclusive of GST)		<u>(46,548)</u>	<u>(36,759)</u>
		9,384	6,372
Interest received		44	29
Interest and other finance costs paid		(1,476)	(983)
Income taxes paid		<u>(1,268)</u>	<u>(943)</u>
Net cash from operating activities		<u>6,684</u>	<u>4,475</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	17	(5,360)	(9,279)
Payments for investments		-	(2)
Payments for property, plant and equipment		(2,860)	(575)
Payments for intangibles		(7)	(7)
Payments for deferred settlements		<u>(358)</u>	<u>(98)</u>
Net cash used in investing activities		<u>(8,585)</u>	<u>(9,961)</u>
Cash flows from financing activities			
Proceeds from issue of shares	14	1,101	404
Proceeds from borrowings		5,510	6,560
Share issue transaction costs		(50)	(26)
Dividends paid	15	<u>(1,192)</u>	<u>(600)</u>
Net cash from financing activities		<u>5,369</u>	<u>6,338</u>
Net increase in cash and cash equivalents		3,468	852
Cash and cash equivalents at the beginning of the financial half-year		<u>3,348</u>	<u>3,046</u>
Cash and cash equivalents at the end of the financial half-year	9	<u><u>6,816</u></u>	<u><u>3,898</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Greencross Limited
Notes to the financial statements
31 December 2012

Note 1. General information

The financial report covers Greencross Limited as a consolidated entity consisting of Greencross Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Greencross Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Greencross Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

5/28 Balaclava Street
Woolloongabba QLD 4102

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 26 February 2013. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

The consolidated entity has changed its accounting treatment for business combinations deferred settlements and revenue recognition for membership income. Refer to note 3 for further information.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following amending Accounting Standards is most relevant to the consolidated entity:

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income

The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation.

Note 2. Significant accounting policies (continued)

Going concern

At 31 December 2012, the consolidated entity had current liabilities in excess of current assets amount to \$4.0 million (30 June 2012: \$3.2 million). The consolidated entity has positive operating cash flows of \$6.7 million (31 December 2011: \$4.5 million), and focuses on using free cash flows and funding arrangements to finance their growth through acquisitions. The consolidated entity's forecasts and projections, taking into account possible changes in trading performance, show that the consolidated entity will be able to operate within its current financing facilities. The directors believe the forecast net cash inflows from operating activities, and the cash inflow from the recently completed placement of \$11.164 million, are sufficient to cover current liabilities of the group and sufficient to assist the group to continue its forecast growth through acquisitions. The directors believe the consolidated entity is a going concern.

Note 3. Restatement of comparatives

As a result of the change of auditor process certain errors have been identified in previous reporting periods. This has led to a reduction in opening equity of \$359,000. The adjustments are comprised of two elements summarised below:

Restatement of contingent deferred settlement

Greencross have reviewed the business acquisition contracts that contained deferred contingent consideration, and corrected the accounting treatment for contingent consideration on certain acquisitions that did not comply with Accounting Standard AASB 3 Business Combinations. These agreements contained clauses that indicated the contingent consideration would be forfeited should the employment with the vendor terminate. As such, under the requirements of AASB 3, these amounts of contingent consideration are to be treated as remuneration for post acquisition services completed by the Vendor. Goodwill has been restated in the comparative financial information by \$1,212,000 with a corresponding decrease to deferred settlement liability of \$1,041,000 and retained earnings of \$171,000. Greencross have presented the restated statement of financial position at 30 June 2012. There is no impact upon the cash generating capacity of the business acquisition contracts.

Subsequent to 30 June 2012, all agreements which included a clause with the link to employment have been removed to reflect the substance of the transaction, which is the deferred consideration as payment for the business. The remaining deferred consideration of \$1,878,000 has been brought to account as at 31 December 2012, and is reflected in the income statement as employee benefits expense with a corresponding increase to liabilities.

Revenue recognition for membership program

The consolidated entity has corrected the revenue recognition for membership service fees received for the Healthy Pets Plus program, to recognise revenue on a straight line basis over the membership period, which is the entity's best estimate of the timing, nature and value of the benefits to be provided. The entity has restated the statement of financial position for the year ended 30 June 2012 to increase deferred income by \$268,000, increase deferred tax asset by \$80,000 and decrease retained earnings by \$188,000. Greencross have presented the restated statement of financial position at 30 June 2012.

Reclassification of prepayments and other current assets

At 31 December 2012, it was decided to disclose prepayments separately from other assets on the face of the balance sheet. As a result of this decision, there has been a reclassification of the 30 June 2012 comparative balances to disclose the prepayment amount of \$657,000 as a new line item prepayments from its original classification in other assets.

Statement of comprehensive income

As the comparatives in this Interim financial report are for the period to 31 December 2011 no restated income statement is shown as no figures were changed relating to the comparative period. A full restated comparative income statement will be disclosed in the Annual Report for the year ending 30 June 2013.

Statement of financial position at the beginning of the earliest comparative period

As the reclassification does not affect the opening balances at 1 July 2011, no third balance sheet is required to be shown as no balances were restated at this date.

The errors have been corrected by restating each of the affected line items for the prior periods as follows:

Greencross Limited
Notes to the financial statements
31 December 2012

Note 3. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

	Consolidated		
	30 Jun 2012		30 Jun 2012
	\$'000	\$'000	\$'000
	Reported	Adjustment	Restated
Assets			
Current assets			
Cash and cash equivalents	3,348	-	3,348
Trade and other receivables	1,053	-	1,053
Inventories	3,148	-	3,148
Loans	231	-	231
Prepayments	-	657	657
Other	1,095	(657)	438
Total current assets	<u>8,875</u>	<u>-</u>	<u>8,875</u>
Non-current assets			
Property, plant and equipment	10,300	-	10,300
Intangibles	60,392	(1,212)	59,180
Deferred tax	1,044	(251)	793
Total non-current assets	<u>71,736</u>	<u>(1,463)</u>	<u>70,273</u>
Total assets	<u>80,611</u>	<u>(1,463)</u>	<u>79,148</u>
Liabilities			
Current liabilities			
Trade and other payables	7,546	(17)	7,529
Borrowings	786	-	786
Income tax	1,030	-	1,030
Provisions	2,416	-	2,416
Other	-	268	268
Total current liabilities	<u>11,778</u>	<u>251</u>	<u>12,029</u>
Non-current liabilities			
Payables	2,227	(1,024)	1,203
Borrowings	30,652	-	30,652
Deferred tax	331	(331)	-
Provisions	422	-	422
Total non-current liabilities	<u>33,632</u>	<u>(1,355)</u>	<u>32,277</u>
Total liabilities	<u>45,410</u>	<u>(1,104)</u>	<u>44,306</u>
Net assets	<u>35,201</u>	<u>(359)</u>	<u>34,842</u>
Equity			
Issued capital	23,044	-	23,044
Other reserves	(381)	-	(381)
Reserves	201	-	201
Retained profits	12,125	(359)	11,766
Equity attributable to the owners of Greencross Limited	<u>34,989</u>	<u>(359)</u>	<u>34,630</u>
Non-controlling interest	212	-	212
Total equity	<u>35,201</u>	<u>(359)</u>	<u>34,842</u>

Greencross Limited
Notes to the financial statements
31 December 2012

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment being the provision of veterinary services in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the Annual financial report at 30 June 2012.

The information reported to the CODM is on at least a monthly basis.

Note 5. Revenue

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
<i>Sales revenue</i>		
Sale of goods and services	<u>51,183</u>	<u>39,444</u>
<i>Other revenue</i>		
Interest	<u>44</u>	<u>29</u>
Revenue	<u><u>51,227</u></u>	<u><u>39,473</u></u>

Note 6. Share of losses of associates accounted for using the equity method

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Share of loss - associates	<u>-</u>	<u>(5)</u>

Greencross Limited
Notes to the financial statements
31 December 2012

Note 7. Expenses

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	750	563
Plant and equipment under lease	79	70
Total depreciation	829	633
<i>Finance costs</i>		
Interest and finance charges paid/payable	1,476	983
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	2,846	2,482
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,765	1,280
<i>Share-based payments expense</i>		
Options	75	68

Employee expenses are higher than normal in this interim period due to amendments made to the 8 agreements referred to in Note 3. These amendments removed the link to employment, effectively accelerating the recognition of the deferred consideration as an employee expense.

Note 8. Income tax expense

The tax expense for the period has been impacted by the acceleration of the deferred contingent consideration that was relating to employment, as this clause was amended from the agreements that are discussed in Note 3. No deferred tax asset was recorded in relation to this adjustment, as at this stage the realisation of that asset is not considered probable. The deferred tax asset not recognised amounts to \$558,940 (30 June 2012: \$51,002). The estimated effective tax rate for the full year is 33.5% (30 June 2012: 31.1%).

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Cash on hand	45	37
Cash at bank	6,771	3,311
	6,816	3,348

Greencross Limited
Notes to the financial statements
31 December 2012

Note 10. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Plant and equipment - at cost	16,559	14,854
Less: Accumulated depreciation	(6,065)	(5,315)
	<u>10,494</u>	<u>9,539</u>
Plant and equipment under lease	2,353	1,001
Less: Accumulated depreciation	(319)	(240)
	<u>2,034</u>	<u>761</u>
Plant and equipment under construction - at cost	235	-
	<u>235</u>	<u>-</u>
	<u><u>12,763</u></u>	<u><u>10,300</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out

	Plant and equipment \$'000	Plant under lease \$'000	Plant under construction \$'000	Total \$'000
Consolidated				
Balance at 1 July 2012	9,539	761	-	10,300
Additions	1,273	1,352	235	2,860
Additions through business combinations (note 17)	432	-	-	432
Depreciation expense	(750)	(79)	-	(829)
Balance at 31 December 2012	<u><u>10,494</u></u>	<u><u>2,034</u></u>	<u><u>235</u></u>	<u><u>12,763</u></u>

Note 11. Non-current assets - intangibles

	Consolidated	
	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Goodwill - at cost	63,517	58,846
	<u>63,517</u>	<u>58,846</u>
Other intangibles - at cost	327	334
	<u>327</u>	<u>334</u>
	<u><u>63,844</u></u>	<u><u>59,180</u></u>

Greencross Limited
Notes to the financial statements
31 December 2012

Note 11. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out

	Goodwill \$'000	Other intangibles \$'000	Total \$'000
Consolidated			
Balance at 1 July 2012	58,846	334	59,180
Additions	-	11	11
Additions through business combinations (note 17)	4,657	-	4,657
Disposals	-	(18)	(18)
Transfers in/(out)	14	-	14
	<u>63,517</u>	<u>327</u>	<u>63,844</u>
Balance at 31 December 2012			

Note 12. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Trade payables	5,794	4,058
Deferred settlement	1,126	423
Accruals	1,505	1,355
GST payable	1,564	1,212
Other payables	886	481
	<u>10,875</u>	<u>7,529</u>

Note 13. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Bank loans	32,557	29,237
Loan to business associate	1,566	1,145
Lease liability	1,353	270
	<u>35,476</u>	<u>30,652</u>

Greencross Limited
Notes to the financial statements
31 December 2012

Note 13. Non-current liabilities - borrowings (continued)

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Bank loans	32,929	29,609
Lease liability	1,757	445
	<u>34,686</u>	<u>30,054</u>

Note 14. Equity - issued capital

	Consolidated		Consolidated	
	31 Dec 2012	30 Jun 2012	31 Dec 2012	30 Jun 2012
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>32,968,981</u>	<u>31,635,311</u>	<u>25,334</u>	<u>23,044</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$'000
Balance	1 July 2012	31,635,311		23,044
Shares issued pursuant to the Senior Management Option Plan	8 August 2012	30,000	\$1.40	42
Shares issued pursuant to the Senior Management Option Plan	30 August 2012	20,000	\$1.40	28
Shares issued pursuant to the Employee Share Plan	30 August 2012	300,000		-
Shares issued under Dividend Reinvestment Plan	14 September 2012	104,806	\$2.50	262
Shares issued under Dividend Reinvestment Plan	14 September 2012	406,833	\$2.50	1,017
Shares issued pursuant to the Senior Management Option Plan	22 November 2012	10,000	\$1.40	14
Shares issued pursuant to the Employee Share Plan	22 November 2012	125,000		-
Shares issued on acquisition of non-controlling interest	14 December 2012	337,031	\$2.90	977
Share issue transaction costs				(50)
Balance	31 December 2012	<u>32,968,981</u>		<u>25,334</u>

Share buy-back

There is no current on-market share buy-back.

Options outstanding

At 31 December 2012 there were 185,000 (31 December 2011: 275,000) options outstanding.

Greencross Limited
Notes to the financial statements
31 December 2012

Note 15. Equity - dividends

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Final dividend for the year ended 30 June 2012 (31 December 2011: 30 June 2011) of 4 cents (31 December 2011: 3 cents) per ordinary share paid on 14 September 2012 (2012: 16 September 2011)	<u>1,278</u>	<u>898</u>

At the date of signing the consolidated entity has declared an interim dividend of 5 cents (31 December 2011: 4 cents) per ordinary share which is expected to be paid on 22 March 2013 (31 December 2011: 30 March 2012).

The dividend will be subject to the company's Dividend Reinvestment Plan ('DRP') at a 5% discount to the 5 day volume weight average price ('VWAP') and is fully franked.

Note 16. Contingent liabilities

	Consolidated	
	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
Bank guarantees	<u>839</u>	<u>640</u>

Greencross Limited
Notes to the financial statements
31 December 2012

Note 17. Business combinations

Kilsyth Veterinary Clinic

On 17 July 2012 Greencross Limited acquired 100% of the ordinary shares of Kilsyth Veterinary Clinic for the total consideration transferred of \$1,415,000. This business is a provider of veterinary services. It was acquired to increase Greencross Limited's market share in Australia. The goodwill of \$1,289,000 represents the strong position and profitability of the veterinary clinic in the veterinary services market that the business has acquired. The acquired business contributed revenues of \$836,000 and profit after tax of \$192,000 to the consolidated entity for the period from 17 July 2012 to 31 December 2012. If the acquisition occurred on 1 July 2012, the half-year contributions would have been revenues of \$912,000 and profit after tax of \$210,000. The values identified in relation to the acquisition of Kilsyth Veterinary Clinic are provisional as at 31 December 2012.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Trade receivables	7	7
Inventories	76	76
Plant and equipment	78	78
Deferred tax asset	14	14
Employee benefits	(49)	(49)
	<hr/>	<hr/>
Net assets acquired	126	126
Goodwill		1,289
		<hr/>
Acquisition-date fair value of the total consideration transferred		1,415
		<hr/>
Representing:		
Cash paid or payable to vendor		1,415
		<hr/>
Acquisition costs expensed to profit or loss		10
		<hr/>
	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,415	-
	<hr/>	<hr/>
Net cash used	1,415	-
	<hr/>	<hr/>

Greencross Limited
Notes to the financial statements
31 December 2012

Note 17. Business combinations (continued)

Eastwood House and Clifford Park Veterinary Surgery

On 31 July 2012 Greencross Limited acquired Eastwood House and Clifford Park Veterinary Surgery through Greencross Vets Toowoomba Pty Ltd for the total consideration of \$755,000. This business is a provider of veterinary services. It was acquired to increase Greencross Limited's market share in Australia. The goodwill of \$555,000 represents the strong position and profitability of the veterinary clinic in the veterinary services market that the business has acquired. The acquired business contributed revenues of \$776,000 and profit after tax and minority interest of \$95,000 to the consolidated entity for the period from 31 July 2012 to 31 December 2012. If the acquisition occurred on 1 July 2012, the half-year contributions would have been revenues of \$931,000 and profit after tax and minority interest of \$114,000. The values identified in relation to the acquisition of Eastwood House and Clifford Park Veterinary Surgery are provisional as at 31 December 2012.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Inventories	100	100
Other current assets	9	9
Plant and equipment	92	92
Employee benefits	(1)	(1)
	<hr/>	<hr/>
Net assets acquired	200	200
Goodwill		555
		<hr/>
Acquisition-date fair value of the total consideration transferred		755
		<hr/>
Representing:		
Cash paid or payable to vendor		755
		<hr/>
Acquisition costs expensed to profit or loss		47
		<hr/>
	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	755	-
	<hr/>	<hr/>
Net cash used	755	-
	<hr/>	<hr/>

Greencross Limited
Notes to the financial statements
31 December 2012

Note 17. Business combinations (continued)

Silkstone Veterinary Hospital

On 5 October 2012 Greencross Limited acquired Silkstone Veterinary Hospital for the total consideration of \$1,088,000. This business is a provider of veterinary services. It was acquired to increase Greencross Limited's market share in Australia. The goodwill of \$1,034,000 represents the strong position and profitability of the veterinary clinic in the veterinary services market that the business has acquired. The acquired business contributed revenues of \$464,000 and profit after tax of \$153,000 to the consolidated entity for the period from 5 October 2012 to 31 December 2012. If the acquisition occurred on 1 July 2012, the half-year contributions would have been revenues of \$928,000 and profit after tax of \$232,000. The values identified in relation to the acquisition of Silkstone Veterinary Hospital are provisional as at 31 December 2012.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Inventories	57	57
Plant and equipment	36	36
Deferred tax asset	17	17
Employee benefits	<u>(56)</u>	<u>(56)</u>
Net assets acquired	<u>54</u>	54
Goodwill		<u>1,034</u>
Acquisition-date fair value of the total consideration transferred		<u><u>1,088</u></u>
Representing:		
Cash paid or payable to vendor		<u><u>1,088</u></u>
Acquisition costs expensed to profit or loss		<u><u>63</u></u>
Consolidated		
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	<u>1,088</u>	<u>-</u>
Net cash used	<u><u>1,088</u></u>	<u><u>-</u></u>

Greencross Limited
Notes to the financial statements
31 December 2012

Note 17. Business combinations (continued)

Anvet Coomera Surgery

On 16 October 2012 Greencross Limited acquired Anvet Coomera Surgery for the total consideration of \$595,000. This business is a provider of veterinary services. It was acquired to increase Greencross Limited's market share in Australia. The goodwill of \$595,000 represents the strong position and profitability of the veterinary clinic in the veterinary services market that the business has acquired. The acquired business contributed revenues of \$203,000 and profit after tax of \$47,000 to the consolidated entity for the period from 16 October 2012 to 31 December 2012. If the acquisition occurred on 1 July 2012, the half-year contributions would have been revenues of \$487,000 and profit after tax of \$113,000. The values identified in relation to the acquisition of Anvet Coomera Surgery are provisional as at 31 December 2012.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Inventories	33	33
Other current assets	5	5
Plant and equipment	34	34
Employee benefits	(2)	(2)
	<u>70</u>	<u>70</u>
Net assets acquired		70
Goodwill		<u>595</u>
Acquisition-date fair value of the total consideration transferred		<u><u>665</u></u>
Representing:		
Cash paid or payable to vendor		<u><u>665</u></u>
Acquisition costs expensed to profit or loss		<u><u>24</u></u>
Consolidated		
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	<u>665</u>	<u>-</u>
Net cash used	<u><u>665</u></u>	<u><u>-</u></u>

Greencross Limited
Notes to the financial statements
31 December 2012

Note 17. Business combinations (continued)

The Vets Australia Group (3 Gold Coast Clinics)

On 15 November 2012 Greencross Limited acquired The Vets Australia Group (3 Gold Coast Clinics) for the total consideration of \$1,439,000. This business is a provider of veterinary services. It was acquired to increase Greencross Limited's market share in Australia. The goodwill of \$1,184,000 represents the strong position and profitability of the veterinary clinic in the veterinary services market that the business has acquired. The acquired business contributed revenues of \$329,000 and profit after tax of \$42,000 to the consolidated entity for the period from 15 November 2012 to 31 December 2012. If the acquisition occurred on 1 July 2012, the half-year contributions would have been revenues of \$1,316,000 and profit after tax of \$336,000. The values identified in relation to the acquisition of 3 Gold Coast Clinics are provisional as at 31 December 2012.

Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Inventories	87	87
Other current assets	12	12
Plant and equipment	192	192
Deferred tax asset	16	16
Employee benefits	(52)	(52)
	<hr/>	<hr/>
Net assets acquired	255	255
Goodwill		1,184
		<hr/>
Acquisition-date fair value of the total consideration transferred		1,439
		<hr/>
Representing:		
Cash paid or payable to vendor		1,439
		<hr/>
Acquisition costs expensed to profit or loss		72
		<hr/>

Consolidated

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,439	-
	<hr/>	<hr/>
Net cash used	1,439	-
	<hr/>	<hr/>

Note 18. Subsidiaries

On 14 December 2012, the consolidated group acquired the remaining 49% of the issued shares of Greencross Vets Toowoomba Pty Ltd for a purchase consideration of \$1,168,000. The carrying amount of the non-controlling interests in Greencross Vets Toowoomba Pty Ltd on the date of acquisition was \$67,000. The effect of the changes in the ownership interest of Greencross Vets Toowoomba Pty Ltd on the equity attributable to owners of the consolidated group during the year was an excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity of \$1,235,000.

Note 19. Events after the reporting period

The consolidated entity acquired further interest in the following companies, subsequent to the end of the financial half-year:

- Pet Accident and Emergency Centres Pty Ltd - acquired 31% of the issued capital on 2 January 2013 and a further 8% on 5 February 2013, for a total consideration of \$843,753, which increases the consolidated entity's interest to 90%; and
- Greencross Vets South Coast Pty Ltd - acquired 42% of the issued capital on 30 January 2012 for a total consideration of \$847,000, which increased the consolidated entity's interest to 100%.

The consolidated entity acquired Paradise Veterinary Hospital on 15 January 2013 for a total consideration of \$950,000 including a deferred settlement of \$100,000. The provisionally determined fair value of the net identifiable assets of the company at the date of acquisition was \$82,000 and the purchased goodwill amounted to \$868,000.

The consolidated entity has entered into an agreement which is set to be completed on, or about, 27 February 2013 to acquire a very large veterinary hospital located in Sydney for a total cash consideration of \$5,000,000. The fair value of the net identifiable assets is yet to be determined.

The financial effects of the above transactions have not been brought to account at 31 December 2012. The operating results and assets and liabilities of the company will be brought to account from the date of settlement as listed above.

The consolidated entity completed a placement of 3.28 million shares at \$3.40 per share on 25 February 2013. Of this approximately 0.176 million shares have been subscribed by interests associated with directors and is subject to shareholder approval. The funds raised from the placement will be used to fund further acquisitions.

Apart from the dividend declared as disclosed in note 15, no other matter or circumstance has arisen since 31 December 2012 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Greencross Limited
Notes to the financial statements
31 December 2012

Note 20. Earnings per share

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Profit after income tax	1,360	2,876
Non-controlling interest	(397)	(386)
	<u>963</u>	<u>2,490</u>
Profit after income tax attributable to the owners of Greencross Limited		
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	32,236,194	30,268,986
Adjustments for calculation of diluted earnings per share:		
Options	94,973	-
	<u>32,331,167</u>	<u>30,268,986</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share		
	Cents	Cents
Basic earnings per share	2.99	8.23
Diluted earnings per share	2.98	8.23

The 185,000 employee options still on issue as at 31 December 2012 are included in the calculation of diluted earnings per share to the extent that they are dilutive. The 275,000 outstanding options at 31 December 2011 were not dilutive and were therefore excluded from the calculation of diluted earnings per share.

Greencross Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Glen Richards', written over a horizontal line.

Glen Richards
Managing Director

26 February 2013
Brisbane



Independent auditor's review report to the members of Greencross Limited.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Greencross Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Greencross Limited (the consolidated entity). The consolidated entity comprises both Greencross Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Greencross Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Greencross Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2012 included on Greencross Limited's web site. The company's directors are responsible for the integrity of the Greencross Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

The PricewaterhouseCoopers logo, written in a stylized, cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Adam Thompson'.

Adam Thompson
Partner

Brisbane
26 February 2013