Passionate about Pets

Greencross Vets

27 August 2013

GREENCROSS LIMITED (ASX: GXL) Announcement

Greencross Annual Report for the Year Ended 30 June 2013

Key Results

Greencross Limited ('Greencross' or 'the Company') is pleased to provide the following summary of results for the full year period ending 30 June 2013:

1. Revenue for the group was $106.704 million, up 29.59% on the prior reported period;
2. Underlying earnings before interest and tax ('EBIT') was $12.427 million, up 27.90% on the prior reported period;
3. Same clinic revenue and EBIT growth for the year of 5.38% and 10.32% respectively;
4. Underlying net profit attributed to members ('NPAT') was $6.385 million, up 34.82% on the prior reported period;
5. Underlying earnings per share ('EPS') was $0.1871 per share, up 21.60% on the prior reported period ;
6. Operating Cash Flows was $10.863 million, up 31.75% on the prior reported period;
7. Net debt to equity had reduced to 55% (FY12: 78%) as at 30 June 2013; and
8. Cash on hand at the end of the period of approximately $8.8m (FY12: $3.3m) with an unutilised acquisition funding facility with the Commonwealth Bank of Australia of approximately $10.2m.

Table 1: Key Financial Results

$'000	12 months to 30 June 2013	12 months to 30 June 2012	+ / - %
Total Revenue	106,704	82,334	29.59%
Underlying EBITDA	14,456	11,065	30.65%
Underlying EBIT	12,427	9,716	27.90%
Underlying NPAT	6,385	4,736	34.82%
Underlying EPS (cents)	18.71	15.39	21.60%
Dividends per share (cents per share)	10.00	8.00	25.00%
Cash Flow from operations	10,863	8,245	31.75%
Net debt to equity	55.0%	77.7%	(29.21%)

Note: Underlying figures exclude adjustments for deferred purchase payments, one-off acquisition costs, write-off of research costs and set-up costs not capitalised.

Acquisitions Funding

Following the $11m capital raising in February 2013, for which $5.1m was immediately applied to the strategic acquisition of the Ku-Ring-Gai Vet Hospital in Sydney, the Company has significant capacity for further acquisition growth with approximately $8.8m cash on hand as at 30 June

2013, approximately $10.2m of unutilised bank funding from the CBA and the ability to continue to use vendor deferred payments.

The company continues to target approximately 1 to 2 new clinic acquisitions per month at an acquisition multiple of between 3.5x – 4.5x annualised EBIT.

Accounting Adjustments

Note Greencross' announcement on 18 December 2012 that the Company's auditor advised that the accounting treatment of eight deferred purchase payments recorded in the accounts of the Company need to be adjusted. The effect of the accounting discrepancy is to treat these payments as a remuneration expense rather than payments for goodwill of the business.

As previously noted the Company has made the required changes to the accounting treatment for the effected deferred purchase payments. This one-off accounting adjustment has resulted in full year 30 June 2013 reported NPAT being $2.915m and reported EPS for the period being 8.54 cents.

Dividends

The Company emphasises, in relation to the changes in the accounting treatment of deferred consideration payments, that there is NO effect on the underlying earnings or cashflow of the business, and that the Company's ability to distribute 50% of underlying earnings in dividends to shareholders is unaffected.

The Company is therefore pleased to announce that the final dividend for the year ended 30 June 2013 will be 5 cents per share. The Record Date for determining shareholders entitlements to the dividend will be 12 September 2013. The Company anticipates payment of the dividend to occur on 16 September 2013.

The dividend will be subject to the Company's Dividend Reinvestment Plan ("DRP"). Shares will be issued under the DRP at a 2.5% discount to the volume weighted average price of Greencross shares over the 5 days following the Record Date.

Appendix 4E and Annual Report

Please find following the Appendix 4E and Annual Report for the period ended 30 June 2013.

-END-

ABOUT GREENCROSS

Greencross was established in 1994 and has grown to become Australia's leading veterinary services company through the acquisition and integration of 97 practices, laboratories and crematoria 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 4E
PRELIMINARY FINAL REPORT

1. Company details

Name of entity:	**Greencross Limited**
ABN:	58 119 778 862
Reporting period:	**Year ended 30 June 2013**
Previous corresponding period:	Year ended 30 June 2012

2. Results for announcement to the market

Revenues from ordinary activities	up	29.6%	to	$ 106,704,000
Profit from ordinary activities after tax attributable to the owners of Greencross Limited	down	35.2%	to	$ 2,915,000
Profit for the period attributable to the owners of Greencross Limited	down	35.2%	to	$ 2,915,000

Dividends

	Amount per security	Franked amount per security
Final dividend for the financial year ended 30 June 2012	4.000 cents	4.000 cents
Interim dividend for the financial year ended 30 June 2013	5.000 cents	5.000 cents

At the date of signing the consolidated entity has declared a final dividend of 5.0 cents per share at a Record Date of 12 September 2013, which is expected to be paid on 16 September 2013.

The final dividend for the year ended 30 June 2013 will be subject to the company's Dividend Reinvestment Plan ('DRP'). Eligible shareholders will be able to participate in the DRP with shares expected to be issued at a 2.5% discount to the volume weighted average price ('VWAP') of the company's shares over the 5 days following the Record Date and will rank equally with all other shares.

Comments
The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $2,915,000 (30 June 2012: $4,500,000).

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

3. Net tangible assets

	Reporting period	Previous corresponding period
Net tangible assets per ordinary security	(70.13) cents	(79.44) cents

4. Control gained over entities

Name of entities (or group of entities)	Refer to note 39 'Business combinations' in the attached Annual Report
Date control gained	
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	$ 2,526,000
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)	$ 1,541,000

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 after income tax during the period (where material)	$ -
Profit/(loss) from ordinary activities after income 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
Interim dividend for the financial year ended 30 June 2013	5.000 cents	5.000 cents

At the date of signing the consolidated entity has declared a final dividend of 5.0 cents per share at a Record Date of 12 September 2013, which is expected to be paid on 16 September 2013.

The final dividend for the year ended 30 June 2013 will be subject to the company's Dividend Reinvestment Plan ('DRP'). Eligible shareholders will be able to participate in the DRP with shares expected to be issued at a 2.5% discount to the volume weighted average price ('VWAP') of the company's shares over the 5 days following the Record Date and will rank equally with all other shares.

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
Interim dividend for the financial year ended 30 June 2012	4.000 cents	4.000 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: 12 September 2013

8. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	Current period	Previous corresponding period	Current period	Previous corresponding period
Not applicable				
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
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 have been audited and an unqualified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Greencross Limited for the year ended 30 June 2013 is attached.

12. Signed

Signed: ______________________ Date: 27 August 2013

Wesley Coote
Company Secretary
Brisbane

Passionate about Pets

Greencross Ltd

and controlled entities ABN 58 119 778 862

ANNUAL REPORT 2013

Greencross Limited
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30 June 2013

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Greencross Limited
Corporate directory
30 June 2013

Directors	Andrew Geddes - Chairman Dr Glen Richards - Managing Director Dr John Odlum - Executive Director Jeffrey David - Independent Non-Executive Director Stuart James - Independent Non-Executive Director
Company secretary	Wesley Coote
Notice of annual general meeting	The annual general meeting of Greencross Limited: will be held at TBA time 11:00 AM date Wednesday 30 October 2013
Registered office	5/28 Balaclava Street Woolloongabba QLD 4102 Tel: (07) 3435 3535 Fax: (07) 3435 3536
Principal place of business	5/28 Balaclava Street Woolloongabba QLD 4102 Tel: (07) 3435 3535 Fax: (07) 3435 3536 Postal address PO Box 8366 Woolloongabba QLD 4102
Share register	Boardroom Pty Limited Level 7 207 Kent Street Sydney NSW 2000 Tel: (02) 9290 9600 Fax: (02) 9279 0664
Auditor	PricewaterhouseCoopers Level 15 123 Eagle Street Brisbane QLD 4000
Solicitors	Rostron Carlyle Solicitors 15/270 Adelaide Street Brisbane QLD 4001
Bankers	Commonwealth Bank of Australia 240 Queen Street Brisbane QLD 4000
Stock exchange listing	Greencross Limited shares are listed on the Australian Securities Exchange (ASX code: GXL)
Website	www.greencrossvet.com.au

Greencross Limited
Chairman's report
For the financial year ended 30 June 2013

PERFORMANCE HIGHLIGHTS

The Board and Management Team of Greencross Limited ('Greencross' or 'the company') are delighted to report a strong result for the financial year ending 30 June 2013. Some of the highlights of the financial results are as follows:

- Revenue for the group was $106.704 million, up 29.59% on the prior reported period;
- Underlying earnings before interest and tax ('EBIT') was $12.427 million, up 27.90% on the prior reported period;
- Underlying net profit after tax ('NPAT') was $6.385 million, up 34.82% on the prior reported period;
- Underlying earnings per share ('EPS') was $0.1871 per share, up 21.60% on the prior reported period;
- Operating Cash Flows was $10.863 million, up 31.75% on the prior reported period;
- Same clinic revenue and EBIT growth for the year of 5.38% and 10.32% respectively; and
- Healthy Pets Plus members had reached 14,000 members within its first full 12 months.

The Board is happy with the results achieved for the year and believe the company is well positioned to continue to deliver these kinds of financial results going forward.

A capital raising of $11.2 million in February 2013 assisted in the funding of a larger acquisition in Sydney with $5.1 million applied to the Ku-Ring-Gai acquisition. Due to the way acquisitions land, the unutilised funds diluted earnings per share in FY2013. Six acquisitions have been made since mid- June and acquisitions will continue at a disciplined rate through FY 2014. The board expects EPS growth to exceed FY2013 in this financial year.

ACQUISITION HIGHLIGHTS

Greencross made the following acquisition during the year and since the year-end:

1. Kilsyth Veterinary Clinic
2. Eastwood House Veterinary Surgery
3. Clifford Park Veterinary Surgery
4. Silkstone Veterinary Hospital
5. Anvet Coomera Surgery
6. The Vets Australia – Helensvale
7. The Vets Australia – Nerang
8. The Vets Australia – Robina
9. Paradise Veterinary Hospital
10. Ku-Ring-Gai Veterinary Hospital
11. Roseville Veterinary Hospital
12. Strathalbyn Veterinary Clinic
13. The Pet Cemetery and Crematorium Greenbank
14. Armidale Veterinary Hospital
15. Uralla Veterinary Clinic
16. Glen Eira Veterinary Hospital (Settled 23 July 2013)
17. Warringal Veterinary Hospital (Settled 23 July 2013)
18. Tanilba Bay Veterinary Clinic (Settled 30 July 2013)
19. Pets Eternal Crematorium (Settled 1 August 2013)

Furthermore, Greencross opened a new state of the art veterinary hospital at Morayfield in Queensland in April 2013. This new clinic has outperformed Directors expectations and is now expected to deliver revenue for FY2014 of approximately $1.3 million. The Board is pleased with the progress of this clinic and four further sites have been identified in which new veterinary clinics will be established over the next 6 months. This includes the scheduled opening of a new veterinary hospital at Strathfield in Sydney in September 2013.

The company established veterinary pathology laboratories in both Melbourne and Brisbane during the year. The Melbourne pathology laboratory was opened in September 2012 while the Brisbane pathology laboratory opened in February 2013. However, a number of operational delays hindered the start-up phase of these businesses and operational expenses, which could not be capitalised for accounting purposes, were incurred until April 2013. Both businesses are now fully functional and revenue has grown between April 2013 and July 2013 by approximately 21.6%. In addition, the company is in the process of finalising a deal which will see it partner with a human pathology laboratory in Sydney. This will ensure the company has full coverage in regards to veterinary pathology services along the east coast of Australia.

The company purchased the remaining 51% of share in Care Veterinary Group Pty Ltd and the remaining 37% of the share in Greencross Vets South Coast Pty Ltd during the year. The company now owns 100% of both entities. Furthermore, the company purchased a further 39% of Pet Accident and Emergency Centre Pty Ltd, taking its total ownership to 90%.

The combination of the new acquisitions and start-ups are expected to deliver annualised revenue and EBIT for the group of approximately $30.4m and $4.2m respectively.

ACQUISITION FUNDING

As already stated, on 28 February 2013 the company raised $11.2 million through a share placement to institutional and sophisticated investors. $5.1 million was deployed for the Ku-Ring-Gai acquisition on 28 February 2013, with the remaining funds raised yet to be fully utilised to assist future acquisition growth.

At year end the company had cash on hand of approximately $8.8m with an unutilised acquisition funding facility with the Commonwealth Bank of Australia of approximately $10.2m. The funds will be utilised as the company continues to target, as a minimum, twelve new acquisitions per year.

The company will continue to fund new acquisitions through a mix of debt, free cash and vendor deferred payments. The company is now utilising less debt, and more free cash, when funding its stated acquisition growth strategy. This will see gearing (Net Debt/Equity) remain around the 55% - 65% in the short to medium term. Moreover, the company is rapidly moving towards 'self-funding' future acquisitions which will see the stated acquisition growth rate funding completely through free cash and vendor deferred payments. Once this occurs, gearing is expected to reduce to the company's long term target of less than 50%.

DEDICATED STAFF

Greencross currently employs over 1,200 highly skilled, talented and dedicated vets, nurse and support staff. The exemplarily results achieved by the company over the last couple of years are a credit to all the hard work and levels of engagement of all staff within the Greencross.

On behalf of the Board, I would like to thank all team members for their hard work and dedication. The commitment and passion shown by all staff ensures Greencross can continue to deliver per stakeholders expectations and ensures the continued success of Greencross.

SHAREHOLDERS RETURN

This financial year shareholders have already received a fully franked interim dividend of 5 cents per share. Furthermore, a final dividend of 5 cents per share has been recommended by the Board and is expected to be paid on 16 September 2013. This represents a total fully franked dividend of 10 cents per share and a dividend payout ratio of approximately 54% for the year, based on underlying NPAT. This is up 20% on the previous year's dividend of 8 cents per share.

The company has in place a Dividend Reinvestment Plan ('DRP') which will balance the need for shareholders to receive a return via a dividend and the company's need for cash to fund future acquisitions.

The Board continues to monitor the company's strategic plan to ensure solid organic management continues to be achieved, acquisitions execution and integration occurs in a timely manner and the best use of the shareholders' funds occurs and the greatest returns on capital employed is achieved.

Andrew Geddes
Chairman

Innovative Greencross Outperforms the Veterinary Industry

Our vision for a network of exceptional veterinary businesses across Australia continues to be realised. As well as expanding our footprint further across Australia with the addition of another 13 general practices (12 acquired and one new to industry), Greencross Limited ('Greencross') continue expansion into vertical businesses with the opening of two pathology laboratories and the acquisition of two crematoria.

Greencross is continually working on team and client engagement through innovative strategies such as our Healthy Pets Plus proactive health care plans, benchmarking and coaching activity, the use of social media and electronic direct mail, client and team surveys and Net Promoter Score programs, remuneration and reward programs, supply chain partnerships and education programs to deliver exceptional like for like growth (5.38% revenue and 10.32% EBIT like for like growth). This is double the organic growth rate compared with the rest of the industry.

A focus on initiatives that create environments for teams and clients that are exceptional in the Australian veterinary industry include accredited facilities, upgraded equipment, flexible rosters, transparent remuneration and reward systems, world class education programs and an offering of high quality products and services helped Greencross set enviable bench marks.

Local Team of professionals supported by a dedicated corporate team

Greencross management team remains disciplined and focused on providing support for our network of front-line veterinary businesses. Using a "franchise-like" approach, our practice managers, group area managers, and corporate support team are challenged with the day to day job of supporting our veterinarians, receptionists, nurses, pathologists, laboratory technicians, courier drivers, Crematoria teams to be the best they can be, and deliver the best possible service and advice for our pet owners and business partners.

Our third companywide *Best Practice Australia* survey delivered another humbling result with our teams confirming that we are a "truly great place to work" and we remain at the highest level of cultural engagement possible for a company operating in Australia. Our retention rates remain high with excellent employee retention rates of 81% for veterinarians and 79% for receptionist, practice managers and nurses for FY2013.

After two years of subtle decline due to conservative economic times, our active client base on a like for like basis is back in growth phase. As well as new pet parent numbers now outpacing exiting pet owners, our weekly Net Promoter Scores as an indicator of client happiness and engagement remain at record levels above positive 64. Our teams are simply doing an excellent job of delivering friendly, professional, high quality veterinary services for our pet owners.

Excellence in Integrations and Support targeted in the year ahead

Our teams have made it clear that we have created a world class company that is a truly great place to work. We responded to their previous call to create world class education programs with the education team delivering 41 events across five regions with 565 team members participating and awarding over 7000 hours of continuing education, as well, we trained 50 school based trainees and mentored 65 Cert IV nurses in the last 12 months.

The company has set itself a target to be world class in its approach to induction and integrations for new clinics and new employees. While the company has developed excellent systems and processes for inductions and integrations, a focus over the next year will be to ensure we continue to on-board our teams faster to achieve greater clinical and cultural alignment. A key focus is to use our benchmarking and coaching programs, as well as our Healthy Pets Plus program, to achieve greater compliance and margin improvement in a timelier manner. These tools aid improvements in clinical activity, quality of medicine, enhanced communication with our clients, and financial performance of the practice.

The marketing team supported by our Information Technology team have improved response rates to our health care reminders through better utilisation of email and SMS, and regularly communicate with our client base via our monthly electronic newsletter, Facebook (now grown to over 20,000 members) and our optimised websites that support each local veterinary business.

Healthy Pets Plus ('HPP') has been well received by our clients, with over 14,000 members now embracing proactive health care but more importantly the members have evolved to being exceptional pet owners. HPP enables pet owners' ease of access to our clinics so their pets receive the highest standards of veterinary medicine in an affordable and cost effective program. Pet owners are coming earlier and more frequently for disease presentations, feeding the best quality pet foods, keeping up to date with vaccinations and parasite preventatives and utilising screening tests for early detection of disease conditions.

Integrity of the business model grows shareholder wealth

FY 2013 was the year we truly embraced our clustering and vertical integrations model. We continued to expand our general practice footprint across Australia but importantly we invested in businesses that receive referrals and maximise the loyal and intimate relationships cultivated by our general practice veterinary teams. We opened two pathology laboratories, expanded our specialty and emergency services, acquired two pet funeral businesses and developed a more professional merchandise and retail offer for our clients.

As stated last year, our ongoing commitment is to deliver outstanding client service, high end professional patient care in well-equipped and well promoted facilities. Our people at all levels of our organisation are engaged, capable and conscientious employees that strive to make a difference for our pet owners, for our fellow team members and for our shareholders.

The future for Greencross is exciting. The veterinary industry remains relatively inhibited by small scale cottage industry business models. Through our size, scale and dedicated people we constantly strive to improve the service offerings for our clients and the workplaces for our employees.

Greencross has 3.5% of the locations and 5.7% of the veterinary revenue in Australia. With only 97 veterinary businesses, our seasoned corporate team are excited about the many years of acquisitive growth ahead. As well as continuing with our core acquisitions program other veterinary and pet health business models from around the world provide inspiration to broaden our strategy.

In the next twelve months we will continue our support for our people, we will deliver excellence in pet health and veterinary care for our clients and patients and with the support of our bankers and investors, we will continue to drive shareholder value through our acquisitive and organic initiatives. In the year ahead we expect to exceed our results for FY2013.

Glen Richards

Dr Glen Richards
Managing Director

Greencross Limited
Directors' report
30 June 2013

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 year ended 30 June 2013.

Directors

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

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

Principal activities

The principal activity of the consolidated entity during the financial 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 97 practices around Australia.

Dividends

Dividends paid during the financial year were as follows:

	2013 $'000	2012 $'000
Final dividend for the year ended 30 June 2012 (2012: 30 June 2011) of 4 cents (2012: 3 cents) per ordinary share.	1,278	898
Interim dividend for the year ended 30 June 2013 (2012: 30 June 2012) of 5 cents (2012: 4 cents) per ordinary share.	1,849	1,248
	3,127	2,146

At the date of signing the consolidated entity has declared a final dividend of 5.0 cents per share at a Record Date of 12 September 2013, which is expected to be paid on 16 September 2013.

The final dividend for the year ended 30 June 2013 will be subject to the company’s Dividend Reinvestment Plan ('DRP'). Eligible shareholders will be able to participate in the DRP with shares expected to be issued at a 2.5% discount to the volume weighted average price ('VWAP') of the company’s shares over the 5 days following the Record Date and will rank equally with all other shares.

$568,000 (2012: $170,000) was paid to non-controlling interest in respect of their dividends in the underlying entities during the year ended 30 June 2013. There are no proposed dividends for minority interests as at signing date.

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $2,915,000 (30 June 2012: $4,500,000).

Operating and financial review

Consolidated entity overview

The consolidated entity's business is the provision of veterinary services with the primary focus of the company being the provision of veterinary services to companion animals. Companion animal income accounted for approximately 97% of the total income generated by the consolidated entity as at 30 June 2013.

The consolidated entity provides veterinary services to its customers through its 97 businesses which includes full service general veterinary hospitals, emergency veterinary centres, speciality veterinary centres, veterinary pathology laboratories and pet cremation services.

A breakdown of the company's various businesses and their location are as follows:

Location	General Practice	Emergency Centre	Specialist Centre	Pathology Lab	Pet Cremation	Total
Queensland	45	2	-	1	2	50
New South Wales	19	1	-	-	-	20
Victoria	18	3	1	1	-	23
South Australia	2	1	1	0	-	4
Total	**84**	**7**	**2**	**2**	**2**	**97**

The veterinary services industry revenue is approximately $2.55 billion[1]. Of this it is estimated that $2.165 billion[1] revenue is contributed to companion animals. Greencross Limited ('Greencross') estimates its industry market share of companion animal services to be as follows:

Location	Market Share by Revenue	Market Share by Business Locations
New South Wales	4.30%	2.42%
Victoria	5.97%	3.39%
Queensland	11.15%	7.72%
South Australia	4.79%	2.09%
Western Australia	-	-
Tasmania	-	-
Australian Capital Territory	-	-
Northern Territory	-	-
Total Australia	5.69%	3.50%

[1] *IBISWorld 08640 – September 2012*

Consolidated entity financial performance

Key financial metrics in respect of the consolidated entity and its results for the current financial period, and prior financial period, are summaries in the table below:

'000	30 June 2013	30 June 2012	% Change
Total Revenue	$106,704	$ 82,334	29.59%
Underlying EBITDA	$ 14,456	$ 11,065	30.65%
Underlying EBIT	$ 12,427	$ 9,716	27.90%
Underlying Net profit attributed to members (NPAT)	$ 6,385	$ 4,736	34.82%
Underlying Earnings per share (Underlying EPS) (cents)	18.71	15.39	21.60%
Dividends paid/ payable for the financial period (cents per share)	10.00	8.00	25.00%
Cash Flow from operations	$ 10,863	$ 8,245	31.75%
Net debt to equity	55.0%	77.7%	(29.21%)
No of shares on issue at year end	37,275	31,635	17.83%
No of business establishments at year end	93	78	19.23%

The underlying figures, which differ from the statutory figures, are unaudited. The FY2013 and FY2102 underlying results include significant one-off costs and adjustments relating to deferred settlement payments and one-off acquisition costs. Furthermore, significant start-up costs for the two veterinary pathology laboratories opened during FY2013, which could not be capitalised for accounting purposes, have been excluded from the underlying results of the company in FY2013.

The underlying NPAT for the period is calculated as follows:

	30 June 2013 $'000	30 June 2012 $'000
Profit attributable to equity holders	2,915	4,500
Add Back:		
Deferred Settlement treated as remuneration	1,863	170
Acquisition related costs	921	66
Write-off in regards to research legal costs	61	-
Start-up/closure costs not capitalised	625	-
Underlying profit attributed to equity holders	6,385	4,736

Revenue for the consolidated entity was up 29.59% on the prior corresponding period. While the Australian veterinary industry is estimated to average annual revenue growth of 2.7%[1], the company had same clinic revenue growth of 5.38% in FY2013 (FY2012: 1%). While trading conditions remain challenging, increases in service offerings to clients, world class education programs for staff, improvements in retail merchandising and the introduction of a subscription based wellness program (Healthy Pets Plus) have all assisted same clinic revenue growth. The consolidated entity expects to achieve strong same clinic revenue growth into the future through increased engagement of staff, increased service offerings for clients, further improvements to retail merchandising and increased subscription rates from Healthy Pets Plus.

[1] *IBISWorld 08640 – September 2012*

Underlying earnings before interest and tax for the period was up 27.90%, while earnings before interest and tax on a same clinic basis grew by 10.32% (FY2012: 7.2%). The strong same clinic earnings before interest and tax growth achieved, by the consolidated entity, is a reflection of the fixed nature of the costs associated with operating a veterinary services business and also a reflection of the excess capacity existing within the industry and consolidated entity. Greencross estimates that the veterinary service industry operates with excess capacity of approximately 30% - 35%, while Greencross estimates its capacity to be approximately 25%. The consolidated entity will continue to target future same clinic earnings before interest and tax growth through greater operational efficiencies and economies of scale.

Cash flows from operations for the period were $10.9 million, up 31.75% compared to the prior corresponding period. While cash flows from operations were impacted during the year by the start-up costs incurred by the two new veterinary pathology laboratories, the strong cash conversion reflects the robust nature of the cash flows generated by the consolidated entity. There is no expected change to way the cash flows are to be generated and it is expected that they will continue to grow as the consolidated entity acquires more businesses, increases same clinic revenue and earnings before interest and tax growth and extracts greater efficiencies from the operations of the consolidated entity, including the two veterinary pathology laboratories.

The consolidated entity reduced net debt to equity by year end to 55%. The main driver of the reduction was achieved through a share placement of $11.2 million to institutional and sophisticated investors on 18 February 2013. Of the $11.2 million raised, $5.1 million was deployed to the Ku-Ring-Gai acquisitions on 28 February 2013. The remaining $6.1 million will be used to help fund future acquisitions.

Strategy and future performance

The company will continue to target strong same clinic revenue and earnings before interest and tax growth from its existing businesses through the following strategies:

- Improved operational efficiencies through benchmarking and coaching;
- Continued increases in service offerings to clients through technology and education of staff and clients;
- Improved visual merchandising and retail offering ensuring sales and profit margin growth;
- Develop systems and process to reduce corporate support costs while continuing to provide effective support to all of the consolidated entity's businesses;
- Continued growth of the veterinary pathology business including the increase of its referral client base;
- Develop and improve the business to business service offering of the company to ensure complete service offering is available to pet owners and maximum spend per client is captured within the consolidated entity's network of businesses; and
- Continued focus on the Healthy Pets Plus program with a target of 18,000 members by 30 June 2014.

Acquisitions will continue to be the largest driver of growth for the company, with 1 to 2 new acquisitions to be targeted per month. Purchase price for new acquisitions to be remain between 3.5 to 4.5 time's historical earnings before interest and tax.

Acquisitions to be funded through a mix of bank finance, free cash flow and vendor deferred payments. As at 30 June 2013, the company had cash on hand of approximately $8.8m (FY12: $3.3m) with an unutilised acquisition funding facility with the Commonwealth Bank of Australia of approximately $10.2m.

The company will target the opening of a minimum of two new veterinary hospitals over the next 12 months. New veterinary hospitals will be opened in areas where it is identified there is an undersupply/underservicing of veterinary services, a large veterinary services spend and/ or within a growth corridor.

Where possible, all new acquisitions and new hospitals opened, will direct their external clinical referrals to one of the following businesses owned by the Consolidated Entity:

- Emergency veterinary centres;
- Speciality veterinary centres;
- Veterinary pathology laboratories; and
- Pet cremation services.

Material risks

The major areas of risk faced by the consolidated entity, that have the potential to have an effect on the performance of the consolidated entity, and how these risks are managed, are as follows:

- Acquisition integration risk - a large part of the consolidated entity's growth strategy is through the acquisition and integration of veterinary clinics. Acquisitions integration risk is the risk of financial loss due to the benefits the company planned for, and/ or expect from, the acquisition will not be delivered post acquisition. The consolidated entity has completed 97 acquisitions since June 2007. The combination of an experienced management team, a detailed integration checklist, extensive due diligence and the use of vendor deferred payments all assist the company in its mitigation of this risk.

- Funding risk **–** as at 30 June 2013 the consolidated entity had a debt facility agreement with the Commonwealth Bank of Australia totalling $48.7 million (30 June 2012: $45.2 million). The facility agreement expires on 30 September 2015 and is subject to certain terms and conditions. Funding risk is the risk that the company will be unable to receive a favourable outcome, due to market conditions at the time it seeks to refinance. The company ensures that at the anniversary date of the debt facility agreement, an extension to the debt facility agreement is negotiated, ensuring that the borrowings of the company are extended for a period of up to three years. At the end of each financial year-end, the company will ensure, as a minimum, that the debt facility has greater than twelve months to run.

- Workplace relations risk – the company employees over 1,200 staff members with salary and wages being the single largest cost to the consolidated entity. Workplace relations risk is the risk of financial loss due to adverse changes to the conditions and/ or payments to staff employment conditions. Veterinary industry staff operate under a modern award and are subject to the terms and conditions of the Fair Work Act. If there was a material change to the modern award, the Fair Work Act or adverse effects due to market forces, then this could have an effect on the margins of the consolidated entity. The consolidated entity address this risk by ensuring it keeps abreast of any legislative changes, ensure labour efficiencies are continually identified, monitoring and review of market salaries and conditions occur on a regular basis and continued dialog with all staff members occurs regularly.

Significant changes in the state of affairs

The consolidated entity acquired the following businesses during the financial 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;
- The Vets Australia Group Gold Coast – acquired on 15 November 2012;
- Paradise Veterinary Hospital - acquired on 14 January 2013;
- Ku-Ring-Gai Veterinary Hospital and Roseville Veterinary Surgery - acquired on 27 February 2013;
- Strathalbyn Veterinary Clinic - acquired on 27 March 2013;
- The Pet Cemetary and Crematorium Greenbank - acquired on 19 June 2013; and
- Armidale Veterinary Hospital and Uralla Veterinary Clinic - acquired on 25 June 2013.

The consolidated entity also acquired the remaining interest in the following companies during the financial 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;
- Pet Accident and Emergency Pty Ltd - 31% acquired on 2 January 2013 and 8% acquired on 5 February 2013. This entity is now a 90% subsidiary; and
- Greencross Vets Southcoast Pty. Ltd. - 42% acquired on 30 January 2013. This is now a 100% subsidiary.

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

Matters subsequent to the end of the financial year

The consolidated entity acquired Glen Eira and Warringal Veterinary Hospitals on 23 July 2013 for a total consideration of $1,226,000 including a deferred contingent settlement amount of $339,000. The provisionally determined fair value of the net identifiable assets of the company at the date of acquisition was $94,000 and the purchased goodwill amounted to $1,079,000.

In relation to the Glen Eira and Warringal Veterinary Hospital acquisition, there is a deferred contingent consideration which is payable on 23 July 2015. The final deferred consideration payable will be calculated as one times EBIT for the year ended 30 June 2015. In recognising the deferred consideration at net fair value, a discount rate of 8.71% has been applied to the payment.

The consolidated entity acquired Tanilba Bay Veterinary Hospital on 30 July 2013 for a total consideration of $633,000 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 $71,000 and the purchased goodwill amounted to $555,000.

The consolidated entity acquired Pets Eternal Peace on 1 August 2013 for a total consideration of $616,000. The provisionally determined fair value of the net identifiable assets of the company at the date of acquisition was $353,000 and the purchased goodwill amounted to $263,000.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2013 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.

Likely developments and expected results of operations

The directors and management of the consolidated entity will continue to pursue growth in its current operations and will seek further cost efficiencies so as to optimise the returns for shareholders from the existing portfolio of veterinary practices. Directors and management will continue to pursue acquisitions which fit within the core competencies and investment criteria of the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Andrew Geddes
Title:	Independent Non-Executive Chairman
Qualifications:	B.Com, Dip. Fin. Mgt, M.Ec, FCPA, FAICD
Experience and expertise:	Andrew has over 35 years of consulting experience to professional services firms. This involvement led to his position as a non-executive director with Count Financial Limited between 2000 and 2012. He has previously conducted management development programs for veterinarians in Australia where he gained valuable insight into the Australian veterinary services industry.
Other current directorships:	None
Former directorships (in the last 3 years):	Non-Executive Director Count Financial Limited (2000 through 2012)
Special responsibilities:	Member of the Audit, Compliance and Risk Management Committee and a member of the Remuneration Committee
Interests in shares:	232,358 ordinary shares
Interests in options:	None

Name:	Dr Glen Richards
Title:	Managing Director
Qualifications:	B.V.Sc.(Hons), M.Sc., FAICD
Experience and expertise:	Glen holds an honours degree in veterinary science from the University of Queensland as well as a Post Graduate Research Master in production and reproduction parameters in Bos Indicus Cattle from James Cook University. He practiced companion animal medicine and surgery in Brisbane, Townsville and London before commencing practice ownership and establishing Greencross Vets in Townsville in 1994. He has been a Member of Australian Veterinary Association since 1988, with special interest groups in Small Animals and Practice Management. He is the founding Managing Director of Greencross Limited.
Other current directorships:	Pet Barn Pty Limited (non-listed) and Healthy Pets Plus Limited (non-listed)
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	3,139,009 ordinary shares
Interests in options:	None

Name:	Dr John Odlum
Title:	Executive Director
Qualifications:	B.V.Sc., Q.D.A.H., A.I.M.M., GAICD
Experience and expertise:	John has over 30 years of experience as a veterinary surgeon and during which time he has managed, operated and owned Veterinary Practices. In 1981 he founded Knight Odlum, a group practice which had 6 locations in Brisbane. In 2002 John helped establish Vets Alliance Pty Ltd in conjunction with large practices in Melbourne, Adelaide, Perth and Townsville. Based in Perth, it was developed to disseminate mutual expertise, design procedures, protocols and marketing plans, and share resources between the 30 involved practices. During 2002 John was one of the prime movers in forming the service company United Veterinary Management Limited, which managed four separately owned practice groups, encompassing 16 practices in Queensland.
Other current directorships:	Healthy Pets Plus Limited (non-listed)
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	4,244,593 ordinary shares (69,845 held indirectly)
Interests in options:	None

Name:	Jeffrey David
Title:	Independent Non-Executive Director
Experience and expertise:	Jeffrey ('Jeff') commenced full time work with the family business of Davids Holdings Pty Ltd ('Davids') in 1985. From 1989 to 1992 Jeff, worked in the United States with IGA Inc., serving as Marketing Director and then Senior Vice President. In 1992, Jeff returned to Davids serving in senior roles as the company changed its status from private to public. Jeff currently serves as Executive Chairman of Petbarn Pty Limited, a retailer of pet food and accessories, and as a non-executive director of the Skin and Cancer Foundation Australia, a non profit specialist medical organisation dedicated to providing services in the areas of dermatology and dermatopathology. Jeff also serves as a member of the Advisory Board of Nudie Foods Pty Limited, a manufacturer of fresh juices.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Chairperson of the Audit, Compliance and Risk Management Committee and a member of the Remuneration Committee.
Interests in shares:	25,689 ordinary shares
Interests in options:	None

Name:	Stuart James
Title:	Independent Non-Executive Director
Experience and expertise:	Stuart is an experienced executive within the financial and healthcare sectors. Stuart's past roles have included Managing Director of Australian Financial Services for Colonial and Managing Director of Colonial State Bank (formerly the State Bank of N.S.W). He also held an executive role as Chief Executive Officer of the Mayne Group from January 2002 to January 2005. Prior to that Stuart was Mayne's Chief Operating Officer from July 2000 to January 2002. Stuart is a member of the Supervisory Board of Wolters Kluwer NV.
Other current directorships:	Chairperson of Prime Financial Group Limited (ASX: PFG), Progen Pharmaceuticals Limited (ASX: PGL), and Pulse Health Limited (ASX: PHG), Director of Phosphagenics Limited (ASX: POH)
Former directorships (in the last 3 years):	None
Special responsibilities:	Chairperson of the Remuneration Committee and a member of the Audit, Compliance and Risk Management Committee.
Interests in shares:	1,718,193 ordinary shares
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary
Wesley Coote (BCom, CA, ACIS) is Chief Financial Officer and Company Secretary. He has over 8 years' experience in Chartered Accounting with experience in providing business services advice to the health, motor dealers, property development/building, accounting and financial services industries. He has worked for the consolidated entity for the past 5 years. He holds a Bachelor of Commerce from the University of Queensland and is a member of the Institute of Chartered Accountants in Australia and a member of Chartered Secretaries Australia.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2013, and the number of meetings attended by each director were:

	Full Board		Remuneration Committee		Audit, Compliance and Risk Management Committee	
	Attended	Held	Attended	Held	Attended	Held
Andrew Geddes	13	13	1	1	2	2
Dr Glen Richards	13	13	-	-	-	-
Dr John Odlum	13	13	-	-	-	-
Jeffrey David	13	13	1	1	2	2
Stuart James	13	13	1	1	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

A Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

Alignment to shareholders' interests:

- via underlying earnings as a core component of the plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee and makes recommendations to the Board. The Remuneration Committee ensures non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Fees for non-executive directors are not linked to the performance of the consolidated entity or the company and no portion of their remuneration is at risk. However, to align the non-executive directors’ interests with that of shareholders, the non-executive directors are encouraged to hold shares in the consolidated entity. All non-executive directors have acquired shares in the consolidated entity.

Non-executive directors do not participate in equity plans of the consolidated entity or company.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The shareholders approved an aggregate remuneration including compulsory superannuation of $400,000 at the consolidated entity's incorporation and has yet to be revised.

Key management personnel remuneration
The remuneration policy of the consolidated entity has been designed to align key management objectives with shareholder and business objectives by providing a competitive remuneration package. The Board of directors believe the compensation levels to be appropriate and effective in its ability to attract and retain suitably qualified key management, reward the achievement of strategic objectives and create value for shareholders.

There are five main remuneration components for the key management personnel which are as follows:
- Fixed remuneration
- Short term performance bonus
- Employee loan plan
- Employee Share Plan ('ESP')
- Senior Management Option Plan ('SMOP')

Fixed remuneration
The remuneration of key management personnel includes a fixed component expressed as a dollar amount. The fixed component is comprised of a base salary and employer superannuation contributions. The key management personnel may take their base salary in cash or through fringe benefits such as motor vehicles and expense payments.

Fixed remuneration is reviewed annually by the Remuneration Committee in relation to the Managing Director and his individual performance and relevant comparative compensation in the market. The Managing Director reviews the individual performance of all other key management personnel and makes recommendations to the Remuneration Committee in relation to their fixed remuneration.

Key management personnel’s fixed remuneration levels are aligned by comparison to similar roles in industrial companies with multi location sites located in Australia and of similar size companies to Greencross Limited. The Executive Remuneration Report prepared by Robert Half International was also used as a source of benchmarking the key management personnel’s fixed remuneration.

The Board is satisfied after reviewing external reports on remuneration of executives that the fixed component of the key management personnel remuneration is fair and reasonable.

Short term performance bonus
The consolidated entity has in place an incentive plan through which participants are eligible to receive an annual bonus if they satisfy pre-determined operational, strategic and individual performance targets.

The annual bonus program is in place for all key management personnel as well as other key staff below the level of key management personnel.

The annual bonus program and the performance conditions set under the program are designed to motivate and reward staff for high performance. The annual bonus program is designed to align the interests of the key management personnel with the consolidated entity's financial performance and with the management principles and cultural values of the consolidated entity.

The performance hurdles used to determine the annual bonus program vary depending upon the individual key management personnel's position. Formal performance hurdles have been set for all key management personnel, including the Managing Director.

For the Managing Director, performance hurdles are linked to financial and non-financial measures. The Managing Director must first satisfy the Board that he has achieved the non-financial measures set. The bonus is then linked to the financial performance of the consolidated entity, being an improvement in the consolidated entity's earnings per share ('EPS') over the previous financial year of greater than 10%.

For other key management personnel, the annual bonus program is linked to specific operational targets set at the beginning of each financial year. The operational targets consist of a number of non-financial and financial measures.

Depending on the key management's responsibilities, the emphasis upon financial and non-financial measurements can vary significantly.

Specific examples of financial measures used in the financial year ended 30 June 2013 include:
- Underlying earnings before interest and tax ('Underlying EBIT') performance to budget;
- Capital and financial management; and
- Improvement in the consolidated entity's underlying EPS over prior year

Specific examples of non-financial measures used in the financial year ended 30 June 2013 include:
- Risk management including occupational health and safety ('OH&S');
- Investor relations;
- New business initiatives; and
- Alignment with the consolidated entity's cultural values.

The Remuneration Committee assesses the Managing Director's performance against his performance hurdles and makes recommendations to the Board for final determination. The Managing Director assesses the performance of all other key management personnel and makes recommendations to the Remuneration Committee for consideration, which in turn makes recommendations to the Board for final determination.

All annual bonuses are delivered as a cash bonus to all key management personnel. Cash payment of the annual bonus is only paid after the auditors have signed off on the Annual Report for the full year.

If the key management personnel cease employment with the consolidated entity before the annual bonus targets are achieved, then they will not be entitled to receive the annual bonus.

Employee loan plan
The Board introduced an employee loan plan in 2011 called the Greencross Limited Employee Loan Plan ('Loan Plan'). Shareholders approved the introduction of this Loan Plan at the 2010 Annual General Meeting.

The Board believes the Loan Plan is in the best interests of the consolidated entity. The purpose of the Loan Plan is to better align the interests of shareholders and the employees of Greencross Limited ('Employees') by linking the potential economic wealth of Employees to the long-term success of the consolidated entity.

The Board may from time to time invite Employees to participate in the Loan Plan and acquire shares in the company. Employees will acquire no shares under the Loan Plan unless the requirements of the ASX Listing Rules have been complied with.

The maximum number of shares subject to the Loan Plan rules shall not exceed 15% of the issued capital of the company.

Employees are invited to subscribe for a new issue of the company's shares. Generally, shares will be issued to the Employees at an issue price set by the Board at no discount to the market price at the date of the allocation. Market Price for this purpose shall be the average closing price of Greencross Limited ordinary shares for five trading days on the Australian Securities Exchange prior to the date of allocation. A consolidated entity provided loan as outlined below would fund the acquisition cost of the shares. The shares will be registered in the name of the Employees, but will remain subject to restrictions on dealing as specified by the Board (which may include applying a holding lock to the shares) until the Employees become entitled to withdraw the shares from the Loan Plan.

The Board will specify the performance hurdles that will generally need to be satisfied before the Employees may withdraw their shares from the Loan Plan. Performance hurdles may include minimum tenure periods ('Vesting Scale') and performance criteria specified by the Board at the time of the invitation. Generally, provided any loans outstanding have been repaid, the Employees may withdraw their shares from the Loan Plan once the applicable performance hurdles have been satisfied.

In certain special circumstances (including if an Employee dies, becomes totally and permanently disabled (in the opinion of the Board) or if the Board determines that a change of control of the consolidated entity has occurred or is likely to occur (for example, because the consolidated entity is subject to a takeover bid, proposes to enter into a scheme of arrangement or is to be wound up)) the rules permit the Employee (or their legal personal representative (as the case may be)) to repay any loan and withdraw from the Loan Plan all of the Employee’s shares that remain subject to the performance hurdles.

The consolidated entity may extend a loan to enable the Employees to acquire shares under the Loan Plan as determined by the Board. Generally speaking, the loan is repayable within 5 years unless one of the following events occurs first in which case the loan will become repayable:
- the dismissal of the Employee;
- the acceptance of the resignation of the Employee by the consolidated entity;
- failure to satisfy the performance hurdles (as specified by the Board at the time of the invitation);
- death of the Employee; or
- termination of the employment of the Employee otherwise than by way of dismissal or resignation.

Loans under the Loan Plan are limited recourse in nature, which means that if at the date that the loan becomes repayable the Employee’s shares are worth less than the outstanding balance of the loan, the consolidated entity cannot recover the difference from the Employee. If at the date that the loan becomes repayable the proceeds of sale of the shares exceed the total amount of the loan owing to the consolidated entity by the Employee, then subject to satisfaction of any performance hurdles, the surplus proceeds shall be paid by the consolidated entity to the Employee.

Interest is not payable on the outstanding balance of the loan.

As security for the loan, the Employee pledge the shares acquired under the Loan Plan to the consolidated entity at the time the financial assistance is provided and grant a charge over any future benefits attributable to those shares, including bonus shares, rights, and dividends.

Loans or other financial assistance will only be extended to the Employees as permitted by the Corporations Act 2001.

Dividends on the shares that are subject of the Loan Plan will be paid to the Employees' nominated bank accounts.

If the performance hurdles specified by the Board are not satisfied or should the Employees not elect to take up their shares, the Employees will generally forfeit their shares. In these circumstances, the Employee must redeliver the shares to the consolidated entity. Shares re-acquired by the consolidated entity will be cancelled.

The Employees may exercise their right to vote in accordance with voting rights attached to their shares acquired under the Loan Plan at meetings of shareholders of the company.

The consolidated entity will meet the ongoing administration expenses of the Loan Plan. The Employees will meet all outgoings and expenses in selling or otherwise dealing with their shares.

Tranche 1 commenced on inception of the Loan Plan and tranche 2 commenced in the financial year ending 30 June 2013. Both tranches are determined using the Black-Scholes valuation model.

The Participant will be able to access the benefit of the proposed Loan Plan if the average closing price of Greencross Limited ordinary shares for five trading days on the Australian Securities Exchange is equal to or greater than:

- 24 months from an allocation: $1.77 (tranche 1) and $3.66 (tranche 2);
- 36 months from an allocation: $2.40 (tranche 1) and $4.32 (tranche 2);
- 48 months from an allocation: $3.34 (tranche 1) and $5.31 (tranche 2); and
- 59 months from an allocation: $4.20 (tranche 1) and $6.56 (tranche 2).

The expiry/forfeiture date of the above shares is 19 October 2015 (tranche 1) and 30 June 2017 (tranche 2).

Provided there is no breach of the Plan Rules that results in forfeiture, the shares which are the subject of the Greencross Loan Plan shall vest to the Participant according to the following Vesting Scale (both tranche 1 and tranche 2):

- 20% - 24 months from an allocation;
- 20% - 36 months from an allocation;
- 20% - 48 months from an allocation; and
- 40% - 59 months from an allocation.

There are currently 1,250,000 shares under the Loan Plan on issue (2012: 825,000).

Senior management option plan ('SMOP')
The SMOP is designed to reward strong performance by individuals within the consolidated entity. Options are issued under the SMOP in accordance with thresholds set out in plans and it provides certain employees (as determined by the Managing Director and Remuneration Committee) with the opportunity to acquire shares in the company, or rights to acquire shares in the company. The plan operates by granting an option to employees to purchase a prescribed number of shares at a pre-determined time in the future.

Each option is convertible to one ordinary share. The exercise price of the options, determined in accordance with the rules of the plan, is based on the weighted average price of the company's shares traded during the 5 days preceding the date of offering the option.

No options were issued under this plan during the year (2012: none).

There are currently 75,000 SMOP on issue. They have an exercise price of $1.40 per share and have an expiry date of 10 July 2013.

Consolidated entity performance and link to remuneration
Fees for directors are not directly linked to the performance of the consolidated entity and no portion of their remuneration is at risk. However, to align the directors' interests with that of shareholders, the directors are encouraged to hold shares in the consolidated entity. All directors have acquired shares in the company. Certain key management personnel are directly linked to the performance of the consolidated entity. Details of the last 5 years performance is detailed in section E of this remuneration report.

Use of remuneration consultants
During the financial year ended 30 June 2013, the consolidated entity engaged, Guerdon Associates, remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the short-term incentives ('STI') program and long-term incentives ('LTI') programs. The fee paid to Gierdon Associates for this was $31,092.

Voting and comments made at the company's 2012 Annual General Meeting ('AGM')
At the last AGM 97% of the shareholders who voted, voted to adopt the remuneration report for the year ended 30 June 2012. The consolidated entity did not receive any specific feedback at the AGM regarding its remuneration practices.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors and key management personnel are set out in the following tables. Key management personnel are defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity.

The key management personnel of the consolidated entity consisted of the following directors of Greencross Limited:

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

And the following persons:

- Wesley Coote - Chief Financial Officer and Company Secretary
- Terry King - General Manager of Operations
- Tomas Steenackers - General Manager of Business to Business Operations (appointed on 26 November 2012)

2013	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Employee loan plan dividend $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Andrew Geddes	61,468	-	-	5,532	-	-	67,000
Jeffrey David	28,287	-	-	2,546	-	-	30,833
Stuart James	28,287	-	-	2,546	-	-	30,833
	118,042	-	-	10,624	-	-	128,666
Executive Directors:							
Dr Glen Richards	258,462	119,900	37,750	23,262	11,580	64,300	515,254
Dr John Odlum	84,620	-	-	34,822	2,938	-	122,380
	343,082	119,900	37,750	58,084	14,518	64,300	637,634
Other Key Management Personnel:							
Wesley Coote	170,476	75,000	31,500	22,846	6,800	48,971	355,593
Terry King	169,231	-	27,000	15,452	4,777	39,815	256,275
Tomas Steenackers	84,923	-	-	7,643	1,387	-	93,953
	424,630	75,000	58,500	45,941	12,964	88,786	705,821
	885,754	194,900	96,250	114,649	27,482	153,086	1,472,121

2012	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Employee loan plan dividend $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Andrew Geddes	50,458	-	-	4,541	-	-	54,999
Jeffrey David	24,220	-	-	2,180	-	-	26,400
Stuart James	23,120	-	-	2,081	-	-	25,201
Bruce Dixon *	10,893	-	-	1,070	-	-	11,963
	108,691	-	-	9,872	-	-	118,563
Executive Directors:							
Dr Glen Richards	220,000	-	24,500	19,800	5,237	28,805	298,342
Dr John Odlum	59,934	-	-	48,994	1,484	-	110,412
	279,934	-	24,500	68,794	6,721	28,805	408,754
Other Key Management Personnel:							
Wesley Coote	150,000	-	17,500	13,500	2,696	20,575	204,271
Terry King	148,461	-	15,750	13,362	2,998	18,517	199,088
	298,461	-	33,250	26,862	5,694	39,092	403,359
	687,086	-	57,750	105,528	12,415	67,897	930,676

* Appointed as a director on 14 November 2011 and resigned on 7 May 2012

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2013	2012	2013	2012	2013	2012
Non-Executive Directors:						
Andrew Geddes	100%	100%	- %	- %	- %	- %
Jeffrey David	100%	100%	- %	- %	- %	- %
Stuart James	100%	100%	- %	- %	- %	- %
Bruce Dixon *	- %	100%	- %	- %	- %	- %
Executive Directors:						
Dr Glen Richards	64%	90%	36%	10%	- %	- %
Dr John Odlum	100%	100%	- %	- %	- %	- %
Other Key Management Personnel:						
Wesley Coote	65%	90%	35%	10%	- %	- %
Terry King	84%	91%	16%	9%	- %	- %
Tomas Steenackers	100%	- %	- %	- %	- %	- %

* Bruce Dixon was appointed as a director on 14 November 2011 and resigned on 7 May 2012.

In the 30 June 2012 annual report, long service leave was included as at risk - LTI. This has been classed as fixed remuneration in the current year and as a result the comparatives have been moved to fixed remuneration to align with the new presentation.

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Dr Glen Richards
Title:	Managing Director
Agreement commenced:	1 July 2007
Term of agreement:	30 June 2015
Details:	• Termination by KMP - 6 months' written notice. No further STI or LTI entitlements other than those owing at the date of termination. Consolidated entity may elect to make payment in lieu of notice. • Termination on death, illness or disability - No notice required. No further STI or LTI entitlements other than those owing at the date of termination. • Termination for cause - No notice required. No further STI or LTI entitlements other than those owing at the date of termination. • Termination by company - 12 months' written notice if terminated as a result of a corporate restructure, merger, or buyout by another entity. Consolidated entity may elect to make payment in lieu of notice. • Superannuation guarantee contribution which increased from 9% to 9.25% from 1 July 2013, and does not receive any other retirement benefits. • Covenants that during the term of his employment and for up to 12 months after termination he will not solicit any clients or employees of the consolidated entity. Furthermore, he covenants not to be involved in a business of the same nature as the consolidated entity within 20 kilometres of consolidated entity.

All other key management personnel have entered into employment agreements of between 1 to 5 years in duration with the consolidated entity. The agreements all contain remuneration, performance and confidentially obligations on the part of the employer and employee.

The employment contracts stipulate a range of 1 to 18 month resignation periods. The consolidated entity may terminate an employment contract without cause by providing written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment of the individual's fixed salary component calculated based on service in accordance with legislation. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the consolidated entity can terminate employment at any time.

The key management personnel receive a superannuation guarantee contribution required by the government, which increased from 9% to 9.25% from 1 July 2013, and do not receive any other retirement benefits.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

Name	Date	No of shares	Issue price	$
Dr Glen Richards	22 November 2012	125,000	$2.30	287,500
Wesley Coote	30 August 2012	100,000	$2.30	230,000
Terry King	30 August 2012	75,000	$2.30	172,500

The above shares issued are unvested and relate to the loan plans which are described in Section A of this remuneration report.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2013.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2013.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Wesley Coote	-	14,000	-	-

E Additional information

The earnings of the consolidated entity for the five years to 30 June 2013 are summarised below:

	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000
Sales revenue	45,664	50,517	61,125	82,241	106,566
EBITDA	5,820	6,274	8,280	10,797	10,663
EBIT	5,145	5,361	7,208	9,448	8,765
Profit after income tax	2,848	2,934	3,967	5,191	3,535

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2009	2010	2011	2012	2013
Share price at financial year end ($A)	0.47	0.68	1.00	2.30	4.75
Total dividends declared (cents per share)	-	2.50	6.00	8.00	10.00
Basic earnings per share (cents per share)	12.05	11.50	12.14	14.62	8.54
Diluted earnings per share (cents per share)	12.05	11.50	12.14	14.59	8.50

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Greencross Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10 July 2008	10 July 2013	$1.40	75,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
The following ordinary shares of Greencross Limited were issued during the year ended 30 June 2013 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
10 July 2008	$1.40	170,000

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 34 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 34 to the financial statements do not compromise the external auditor’s independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor’s own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of PricewaterhouseCoopers

There are no officers of the company who are former audit partners of PricewaterhouseCoopers.

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.

Auditor

PricewaterhouseCoopers were appointed auditors during the year and continue in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Glen Richards
Managing Director

27 August 2013
Brisbane

Auditor's Independence Declaration

As lead auditor for the audit of Greencross Limited for the year ended 30 June 2013, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Adam Thompson
Partner
PricewaterhouseCoopers

Brisbane
27 August 2013

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Greencross Limited
Corporate Governance Statement
30 June 2013

The Board of Directors ('Board') of Greencross Limited ('company') is responsible for the governance of the company and its controlled entities ('consolidated entity').

Good corporate governance is a fundamental part of the culture and business practices of the consolidated entity. The key aspects of the consolidated entity's corporate governance framework and primary corporate governance practices for the 2013 year are outlined below:

The Board of Directors

Role and responsibilities of the Board
The Board has adopted a formal charter that details the functions and responsibilities of the Board.

The Board's most significant responsibilities are:
- Stakeholder interests
- Strategy
- Performance
- Integrity of external reporting
- Risk management and compliance
- Executive review, succession planning and culture

Stakeholder interests
Guiding the consolidated entity with a view to long-term, sustainable returns for shareholders having regard to the interests of other stakeholders, including clients, staff and the communities in the regions in which the consolidated entity operates.

Providing strategic direction to the consolidated entity, with a focus on consistent business performance, behaviour, transparency and accountability.

Reviewing and monitoring corporate governance and corporate social responsibility throughout the consolidated entity.

Strategy
Reviewing, approving and monitoring corporate strategy and plans.

Making decisions concerning the consolidated entity's capital structure and dividend policy.

Reviewing, approving and monitoring major investment and strategic commitments.

Performance
Reviewing business results and monitoring budgetary controls.

Integrity of external reporting
Reviewing and monitoring the processes, controls and procedures which are in place to maintain the integrity of the consolidated entity's accounting and financial records and statements.

Reviewing and monitoring reporting to shareholders and regulators, including the provision of objective, comprehensive, factual and timely information to the Australian Securities Exchange ('ASX').

Risk management and compliance
Monitoring and reviewing the risk management processes, the consolidated entity's risk profile and the processes for compliance with regulations and standards and other regulatory requirements.

Reviewing and monitoring processes for the maintenance of adequate credit quality.

Executive review, succession planning and culture
Approving key executive appointments and remuneration; and monitoring and reviewing executive succession planning and diversity.

Reviewing and monitoring the performance of the Managing Director and senior management.

Monitoring and influencing the consolidated entity's culture, reputation and ethical standards.

Board performance
Monitoring the Board's composition, director selection, Board processes and Board performance.

The Board has reserved certain powers for itself and delegated authority and responsibility for day-to-day management of the consolidated entity to the Managing Director. This authority is broad ranging and may be sub-delegated. Delegations are subject to strict limits. The Managing Director's authorities and responsibilities include:
- development and implementation of Board approved strategies;
- setting operational plans within a comprehensive risk management framework; and
- providing sound relationship management with the consolidated entity's stakeholders.

All delegated authorities provided by the Board to the Managing Director are reviewed and reconfirmed annually.

Composition of the Board
The Board requires that each of its directors possess unquestionable integrity and good character. The Board identifies other appropriate skills and characteristics required for the Board and individual directors in order for the consolidated entity to fulfil its goals and responsibilities to shareholders and other key stakeholders.

The composition of the Board is based on the following factors:
- the Board will be of a size to assist in efficient decision making;
- the Board size shall not be less than 3 but no more than 10;
- the Chairman of the Board should be an independent non-executive director;
- the Board should comprise directors with a broad range of expertise, skills and experience from diverse range of backgrounds including sufficient skills and experience appropriate to the consolidated entity's business; and
- the role of the Chairman and that of the Managing Director are to be held by two separate individuals. The Chairman is to be an independent non-executive director and the Managing Director an executive director.

The skills, experience, expertise and commencement dates of the directors are set out in the 'Information on directors' section in the Directors' Report of this Annual Report.

Chairman
The consolidated entity's Chairman is Andrew Geddes. Andrew Geddes has been Chairman of the consolidated entity since listing in June 2007. He has skills and experience across a broad portfolio of service based industries and companies including accounting and veterinary services. A detailed list of his directorships and prior experience is set out in the 'Information on directors' section in the Directors' Report of this Annual Report.

Andrew Geddes' positions held outside the consolidated entity are not deemed to prevent him executing and fulfilling all of his obligations and responsibilities to the Board and the consolidated entity.

Independence of directors
Directors are expected to bring independent views and judgement to Board deliberations. An independent director must be independent of management and able to exercise unfettered and independent judgement, free of any business or other relationship that could materially interfere with the exercise of the director's ability to act in the best interests of the consolidated entity.

In assessing whether a director is independent, the Board has regard to the standards it has adopted that reflect the independence requirements of applicable laws, rules and regulations, including the ASX Corporate Governance Principles and Recommendations.

The Board considers that Andrew Geddes, Jeffrey David and Stuart James are independent directors.

In determining independence, each non-executive director is required to make an annual disclosure of all relevant information to the Board. Any assessment of independence for a non-executive director who does not meet the independence standards adopted by the Board will be specifically disclosed to the market in the consolidated entity's Annual Report.

The Board has procedures in place to ensure it operates independently of management.

Disclosure of related party transactions is set out the notes to the financial statements of the Annual Report.

Conflicts of interest
Directors are expected to avoid any action, position or interest that conflicts or appears to conflict with an interest of the consolidated entity. This is a matter for ongoing consideration by all directors, and any director who has a material personal interest in a matter relating to the consolidated entity's affairs must notify the other directors of that interest.

The Corporations Act 2001 together with the company's Constitution, require that a director who has a material personal interest in a matter that is being considered at a directors' meeting cannot be present while the matter is being considered at the meeting or vote on the matter, except in the following circumstances:

- the directors without a material personal interest in the matter have passed a resolution that identifies the director, the nature and extent of the director's interest in the matter and its relation to the affairs of the consolidated entity, which states that the remaining directors are satisfied that the interest should not disqualify the director from voting or being present;
- the Australian Securities and Investments Commission ('ASIC') has made a declaration or order under the Corporations Act 2001, which permits the director to be present and vote even though the director has a material personal interest;
- there are not enough directors to form a quorum for a directors' meeting because of the disqualification of the interested directors, in which event one or more of the directors (including a director with a material personal interest) may call a general meeting to address the matter; or
- the matter is of a type which the Corporations Act 2001 specifically permits the director to vote upon and to be present at a directors' meeting during consideration of the matter notwithstanding the director's material personal interest.

Even though the Corporations Act 2001 and the company's Constitution allow these exceptions, the company's corporate governance standards provide that when a potential conflict of interest arises, the director concerned does not receive copies of the relevant Board papers and withdraws from the Board meeting while such matters are considered. Accordingly, in such circumstances, the director concerned takes no part in discussions and exercises no influence over other members of the Board. If a significant conflict of interest with a director exists and cannot be resolved, the director is expected to tender his or her resignation after consultation with the Chairman.

Appointment and re-election of Board members
A review of Board composition and skills is undertaken annually by the Board which enables the Board to assess the skills and the experience of each director and the combined capabilities of the Board. The results of this review are considered in the context of the consolidated entity's operations and strategy.

The results of this review are then incorporated into the selection process for new directors. The process for appointing a director is that, when a vacancy exists, the Board identifies candidates with the appropriate expertise and experience, using external consultants if appropriate. The most suitable candidate is appointed by the Board but must stand for election at the next annual general meeting of the company.

The company has formal letters of appointment for each of its directors, setting out the key terms and conditions of the appointment. The process for re-election of a director is in accordance with the company's Constitution, which requires that, other than the Managing Director, one-third (or the nearest number to one-third) are required to retire by rotation at each annual general meeting and are eligible to stand for re-election.

Before each annual general meeting, the Board assesses the performance of each director due to stand for re-election, and the Board decides whether to recommend to shareholders that they vote in favour of the re-election of each director.

Board meetings
Directors are expected to prepare adequately for, attend and participate at Board meetings and meetings of Committees.

The number of Board meetings and each director's attendance at those meetings are set out in the 'Meetings of directors' section in the Directors' Report of this Annual Report.

Performance of Board, its committees and individual directors
The Board conducts an annual assessment of the performance and effectiveness of the Board as a whole and of its Committees and individual directors. Performance of each Committee of the Board is initially discussed and reviewed within each Committee and then subsequently reviewed as part of the Board's annual assessment.

External experts are engaged as required to review aspects of the Board's activities and to assist in a continuous improvement process to enhance the overall effectiveness of the Board.

The annual performance evaluation for the Board, its Committees and the individual directors has been conducted in accordance with the process disclosed in this report.

Remuneration arrangements
The remuneration policy for the Board and the remuneration of each director is set out in the 'Remuneration report' which forms part of the Directors' Report as set out in this Annual Report.

Access to management
Board members have complete and open access to management through the Chairman, Managing Directors and the Company Secretary at any time. In addition to regular presentations by management to Board and Board Committee meetings, directors may seek briefings from management on specific matters. The Board also consults with other consolidated entity employees and advisers and seeks additional information, where appropriate.

The Company Secretary also provides advice and support to the Board and is responsible for the company's day-to-day governance framework.

Access to independent professional advice
Written guidelines entitle each director to seek independent professional advice at the consolidated entity's expense, with the prior approval of the Chairman.

The Board can conduct or direct any investigation to fulfil its responsibilities and can retain, at the consolidated entity's expense, any legal, accounting or other services that it considers necessary from time to time to perform its duties.

Company secretary
The Company Secretary is appointed and removed by the Board. Further details on the Company Secretary is provided in the 'Company Secretary' section in the Directors' Report of this Annual Report.

Senior executives
Information on the performance evaluation and structure of remuneration for the consolidated entity's senior executives can be found in the 'Remuneration report', which forms part of the Directors' Report as set out in this Annual Report.

Board and committee operations
To help it carry out its responsibilities, the Board has established the following Committees and has adopted charters setting out the matters relevant to the composition, responsibilities and administration of these Committees:

- Audit, Compliance and Risk Management Committee; and
- Remuneration Committee.

Following each Committee meeting, the Board receives a copy of the minutes of meeting from the relevant Committee. Further, on an annual basis, the Board receives a report from each Committee on its activities undertaken during the financial year. The qualifications of each Committee's members and the number of meetings they attended during the year are set out in 'Information on directors' and 'Meetings of directors' sections in the Directors' Report of this Annual Report.

The Board may establish sub-committees to address matters of specific importance.

Audit, Compliance and Risk Management Committee

The Audit, Compliance and Risk Management Committee assists the Board in carrying out its responsibility to exercise due care, diligence and skill in relation to the consolidated entity's reporting of financial information, internal control systems, compliance with applicable laws and regulations, and monitoring and controlling the accounting policies and procedures designed to safeguard the consolidated entity's assets and maintain the integrity of financial reporting.

All members of the Audit, Compliance and Risk Management Committee must be non-executive directors. It is a requirement that all members of the Audit, Compliance and Risk Management Committee be financially literate and have a range of different backgrounds, skills and experience, having regard to the operations and financial and strategic risk profile of the consolidated entity. The members of the Audit, Compliance and Risk Management Committee are:

- Jeffrey David – Independent Non-Executive (Chairperson);
- Andrew Geddes - Independent Non-Executive; and
- Stuart James – Independent Non-Executive.

The Audit, Compliance and Risk Management Committee's role, responsibilities, composition and membership requirements are documented in the Audit, Compliance and Risk Management Committee Charter approved by the Board. The Audit, Compliance and Risk Management Committee has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the ability to retain, at the consolidated entity's expense, such legal, accounting or other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties.

The Audit, Compliance and Risk Management Committee relies on the information provided by management and the external auditor. The Audit, Compliance and Risk Management Committee does not have the duty to plan or conduct audits or to determine that the consolidated entity's financial statements and disclosures are complete and accurate. These are the responsibility of management and the external auditor.

Access to the Audit, Compliance and Risk Management Committee

To draw appropriate matters to the attention of the Audit, Compliance and Risk Management Committee, the following individuals have direct access to the Committee:

- Managing Director;
- Chief Financial Officer;
- Company Secretary; and
- the external auditor.

'Direct access' means that the person has the right to approach the Committee without having to proceed via normal reporting line protocols. Other employees of the consolidated entity may have access to the Audit, Compliance and Risk Management Committee through the 'Whistleblower Protection Program'.

External auditor

The Audit, Compliance and Risk Management Committee is responsible for the selection, evaluation, compensation and, where appropriate, replacement of the external auditor, subject to shareholder approval where required.

The Audit, Compliance and Risk Management Committee ensures that the lead external audit partner and concurring review partner rotate off the consolidated entity's audit at least every five years and that they are not reassigned to the consolidated entity's audit for another five years.

The Audit, Compliance and Risk Management Committee meets with the external auditor throughout the year to review the adequacy of the existing external audit arrangements with particular emphasis on the effectiveness, performance and independence of the audit. The Audit, Compliance and Risk Management Committee receives assurances from the external auditor that they meet all applicable independence requirements in accordance with the Corporations Act 2001 and the rules of the professional accounting bodies. This independence declaration follows the Directors' Report and is provided immediately before this Corporate Governance Statement in the Annual Report.

The external auditor attends the company's annual general meeting and is available to answer shareholder questions regarding aspects of the external audit and their report.

Responsibility of the Audit, Compliance and Risk Management Committee
The Audit, Compliance and Risk Management Committee is responsible for:
- integrity of the accounting and financial reporting processes of the consolidated entity;
- consolidated entity's external audits;
- compliance with applicable accounting standards to give a true and fair view of the financial position and performance of the consolidated entity;
- oversight of management in the preparation of the consolidated entity's financial statements and financial disclosures;
- oversight of the work of the external auditor;
- setting, approval and regulation of the annual fee limit for each type of audit or non-audit service to be provided by the external auditor;
- review and oversight of the risk profile of the consolidated entity within the context of the Board determined risk appetite;
- making recommendations to the Board concerning the consolidated entity's risk appetite and particular risks or risk management practices of concern to the Committee;
- review of management's plans for mitigation of material risks faced by the consolidated entity; and
- promoting awareness of a risk-based culture and the achievement of a balance between risk minimisation and reward for risks accepted.

Remuneration Committee
Members of the Remuneration Committee have been selected to ensure the appropriate level of remuneration, risk, legal and industry expertise and knowledge. The members of the Remuneration Committee are also members of the Audit, Compliance and Risk Management Committee recognising the importance of aligning remuneration and risk.

All members of the Remuneration Committee must be non-executive directors. The Members of the Remuneration Committee are:
- Stuart James – Independent Non-Executive (Chairperson);
- Andrew Geddes - Independent Non-Executive; and
- Jeffrey David – Independent Non-Executive.

Responsibilities and Remuneration Committee charter
The Remuneration Committee is responsible for:
- overseeing the consolidated entity's general remuneration strategy;
- reviewing and making recommendations to the Board concerning:
  - remuneration policy and Total Reward packages for the Managing Director and direct reports;
  - remuneration arrangements for non-executive directors; and
  - arrangements for recruiting, retaining and terminating senior executives;
- supporting the Board with monitoring the principles and framework required for measuring the compliance and behavioural requirements of the consolidated entity, including the consolidated entity's culture and diversity.

Communicating with shareholders

Strategy
The consolidated entity aims to be open and transparent with all stakeholders, including the owners of the business, the shareholders. Information is communicated to shareholders regularly through a range of forums and publications. These include:
- the consolidated entity's annual general meeting;
- notices and explanatory memoranda of annual general meetings;
- the annual financial report (for those shareholders who have requested a copy), which is also located on the consolidated entity's website;
- trading updates and market/investor briefings;
- disclosures to the ASX (on which the consolidated entity's securities are listed);
- the consolidated entity's website, where there is a Shareholder Centre and News Centre providing access to consolidated entity announcements, media releases, previous years' financial results and investor presentations.

The consolidated entity is committed to maintaining a level of disclosure that provides all investors with timely and equal access to information.

Continuous disclosure
The Corporations Act 2001 and the ASX Listing Rules require that the consolidated entity discloses to the market matters which could be expected to have a material effect on the price or value of the consolidated entity's securities. In compliance with these continuous disclosure requirements, the consolidated entity's policy is that shareholders are informed in a timely manner of all major developments that impact the consolidated entity. There is a detailed disclosure policy in place, which has been formed to provide advice on the requirements for disclosure of information to the market and is intended to maintain the market integrity and market efficiency of the consolidated entity's securities.

The consolidated entity has established written guidelines and procedures to supplement the Disclosure Policy. These guidelines and procedures are designed to manage the consolidated entity's compliance with the continuous disclosure obligations of the ASX on which the consolidated entity's securities are listed (including the ASX) and to attribute accountability at a senior executive level for that compliance.

Pursuant to the Disclosure Policy and supplementary guidelines and procedures, all material matters which may potentially require disclosure are promptly reported to the Board. Where appropriate executives will refer matters to the Board, to make an assessment and determination as to disclosure. Where appropriate the Board will be consulted on the most significant and material disclosures. All executives and Board members are responsible for reporting matters qualifying for disclosure to the Board and/or the Company Secretary. Routine administrative announcements will be made by the Company Secretary without requiring approval from the Board. The Company Secretary is responsible for all communications with the ASX.

Assurance provided to the Board
The Board has received:
- the relevant declarations required under section 295A of the Corporations Act 2001; and
- the relevant assurances required under Recommendation 7.3 of the ASX Corporate Governance Principles and Recommendations, jointly from the Managing Director and the Chief Financial Officer.

Code of conduct
The consolidated entity has a Code of Conduct which requires the observance of strict ethical guidelines. The Code of Conduct applies to all employees and directors of the consolidated entity, with the conduct of the Board and each director also governed by the Board charter.

The Code of Conduct covers:
- personal conduct;
- honesty;
- relations with customers;
- prevention of fraud;
- financial advice to customers;
- conflict of interest; and
- disclosure.

The consolidated entity's behaviours together with its Code of Conduct take into account the consolidated entity's legal obligations and the reasonable expectations of the consolidated entity's stakeholders, and emphasise the practices necessary to maintain confidence in the consolidated entity's integrity.

The consolidated entity has also adopted a code of conduct for financial professionals, which applies to the Chief Financial Officer, Finance and all employees serving in finance and accounting roles. In addition, the consolidated entity supports the AVA Veterinary Code of Conduct and the relevant state Veterinary Surgeons Board legislation on conduct which includes:
- major obligations and commitments to patients and clients;
- principles of conduct; and
- the role and responsibilities of an independent external body, which investigates complaints about non-compliance with the Code.

Escalation
The consolidated entity has clear and established procedures and a culture that encourages the escalation of complaints and notification of incidents to management and the Board. This ranges from escalation of daily business or management concerns, up to serious financial, cultural or reputational matters.

Employees are provided with various avenues for escalation of complaints or concerns, including Whistleblower Protection Program.

Whistleblower protection
The consolidated entity has a Whistleblower Protection Program for confidential reporting of unacceptable or undesirable conduct. The system enables disclosures to be made to a protected disclosure officer by employees, or, where applicable, if the matter is highly sensitive and the employee believes it more appropriate, directly to the Audit, Compliance and Risk Management Committee. The consolidated entity does not tolerate incidents of fraud, corrupt conduct, adverse behaviour, legal or regulatory noncompliance, or questionable accounting and auditing matters by its employees. Accordingly, there are established procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

Employees are also encouraged to escalate any issues they believe could have a material impact on the consolidated entity's profitability, reputation, governance or compliance.

It is a responsibility of the Audit, Compliance and Risk Management Committee to ensure that employees can make confidential, anonymous submissions regarding such matters. The consolidated entity will take all reasonable steps to protect a person who comes forward to disclose unacceptable or undesirable conduct, including disciplinary action (potentially resulting in dismissal) of any person taking reprisals against them.

Restrictions on dealing in securities
Directors, officers and employees are subject to the Corporations Act 2001 restrictions on applying for, acquiring and disposing of securities in, or other relevant financial products of, the company (or procuring another person to do so) if they are in possession of inside information. Inside information is information which is not generally available, and which if it were generally available a reasonable person would expect it to have a material effect on the price or value of the securities of the company. There are also legal restrictions on insider trading imposed by the laws that apply to the company and consolidated entity and their directors, officers and employees.

The consolidated entity has an established policy relating to trading in the consolidated entity's securities by directors, officers and certain other employees of the consolidated entity. These directors, officers and employees are prohibited from trading in the consolidated entity's securities during prescribed blackout periods prior to the release of the consolidated entity's annual and half-yearly results announcements. Directors, officers and certain employees are further required to notify their intention to trade in the consolidated entity's securities prior to trading.

Diversity
The consolidated entity recognises that a diverse and inclusive workforce is not only good for our employees, it also good for our business. It helps the consolidated entity attract and retain talented people, create more innovative solutions, and be more flexible and responsive to our clients' and shareholders' needs. With 84% of our staff being female, the consolidated entity is committed to continue to building a strong female friendly workplace. The consolidated entity is committed to provide a workplace that embraces diversity in relation to gender and age, as well as provide greater work and career flexibility.

The consolidated entity is committed to ensuring that the composition of its Board of Directors continues to be appropriate. The Board Charter clearly states that it should comprise directors with a broad range of skills, experience, and diversity to build the profile of future Board candidates.

Diversity policy summary

The consolidated entity recognises the benefits of diversity where people from different backgrounds can bring fresh ideas and perceptions which make the way work is done more efficient, products and services more valued. It is for these reasons that the consolidated entity is committed to being a diversity leader in Australia with regards to the Veterinary Service industry by:

- Providing a diversity inclusive workplace in which everyone has the opportunity to fully participate and is valued for their distinctive skills, experiences and perspectives.
- Incorporating diversity into its business practices through its corporate social responsibility initiatives that aim to improve the quality of life for its workforce, their families, communities and society at large.

Accordingly the company has developed a Diversity Policy which outlines the company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measureable objectives for achieving diversity, and for the Board to assess annually both the objectives and the company's progress in achieving them.

The Board has established the overarching objective of females representing at least 75% of the organisation's workforce. The Board also endorses other objectives of the organisation's businesses including measures in relation to female regional general manager levels, flexible working arrangements, and maternity and return to work arrangements.

Information on the actual number and proportion of women employed by the organisation is set out below:

	2013 Actual		*2012 Actual*	
	No.	*%*	*No.*	*%*
Number of women employees in the whole organisation	1,009	84%	839	87%
Number of women in senior executive[1] positions	2	25%	2	25%
Number of women on the Board	Nil	Nil	Nil	Nil

[1] Senior executives includes managers who hold roles designated as senior executive roles, and includes Key Management Personnel and other managers who report directly to the Managing Director/CEO.

A copy of the Diversity Policy is available on the Company's website.

Workplace Gender Equality Act 2012 – Reporting

The Workplace Gender Equality Act 2012 ('WGEA') prescribes that all non-public employers with 100 or more staff are required to report on an annual basis and must continue to report until their workforce falls below 80 employees.

This year's report is under transitional reporting requirements with the reporting focus on a statistical workplace profile, effectively a snapshot in time of the composition of the workforce.

The key components to this reporting period are the requirements to inform employees, members and shareholders of the lodgement of the report and provide access.

In terms of staff notification and access the company has provided this via the intranet as this is a normal means of communication, which is acceptable under the guidelines.

In terms of members, the company operates in a non-unionised environment and does not have any member organisation to advise.

The report is available for the period 1 April 2012 to 31 March 2013.

Greencross Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Revenue	6	106,704	82,334
Expenses			
Consumables used		(27,523)	(21,581)
Employee benefits expense		(52,399)	(38,090)
Depreciation and amortisation expense	7	(1,898)	(1,349)
Occupancy costs		(9,209)	(6,964)
Acquisition costs		(806)	7
Other expenses		(5,966)	(4,816)
Finance costs	7	(2,675)	(2,018)
Profit before income tax expense		6,228	7,523
Income tax expense	8	(2,693)	(2,332)
Profit after income tax expense for the year		3,535	5,191
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Greencross Limited		3,535	5,191
Profit for the year is attributable to:			
Non-controlling interest		620	691
Owners of Greencross Limited	29	2,915	4,500
		3,535	5,191
Total comprehensive income for the year is attributable to:			
Non-controlling interest		620	691
Owners of Greencross Limited		2,915	4,500
		3,535	5,191
		Cents	**Cents**
Basic earnings per share	45	8.54	14.62
Diluted earnings per share	45	8.50	14.59

Refer to note 4 for detailed information on restatement of comparatives.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Greencross Limited
Statement of financial position
As at 30 June 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Assets			
Current assets			
Cash and cash equivalents	9	8,802	3,348
Trade and other receivables	10	1,788	1,356
Inventories	11	4,208	3,148
Loans	12	16	231
Prepayments	13	306	354
Other	14	492	438
Total current assets		15,612	8,875
Non-current assets			
Property, plant and equipment	15	14,803	10,300
Intangibles	16	71,751	59,180
Deferred tax	17	1,734	793
Total non-current assets		88,288	70,273
Total assets		103,900	79,148
Liabilities			
Current liabilities			
Trade and other payables	18	11,303	7,528
Borrowings	19	1,630	916
Income tax	20	1,260	1,030
Provisions	21	3,327	2,560
Other	22	526	269
Total current liabilities		18,046	12,303
Non-current liabilities			
Payables	23	2,282	1,203
Borrowings	24	33,603	29,507
Provisions	25	2,623	1,293
Total non-current liabilities		38,508	32,003
Total liabilities		56,554	44,306
Net assets		47,346	34,842
Equity			
Issued capital	26	39,224	23,044
Other reserves	27	(4,066)	(929)
Reserves	28	393	201
Retained profits	29	11,562	11,774
Equity attributable to the owners of Greencross Limited		47,113	34,090
Non-controlling interest	30	233	752
Total equity		47,346	34,842

Refer to note 4 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 year ended 30 June 2013

Consolidated	Issued capital $'000	Other reserves $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2011	20,747	-	133	9,412	-	30,292
Profit after income tax expense for the year	-	-	-	4,500	691	5,191
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	4,500	691	5,191
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 26)	2,283	-	-	-	-	2,283
Share-based payments (note 46)	-	-	-	8	(8)	-
Shares issued on option exercised	14	-	-	-	-	14
Share-based payment	-	-	68	-	-	68
Distributions	-	-	-	-	(73)	(73)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	312	312
Transactions with non-controlling interest	-	(929)	-	-	-	(929)
Dividends paid (note 31)	-	-	-	(2,146)	(170)	(2,316)
Balance at 30 June 2012	23,044	(929)	201	11,774	752	34,842

Refer to note 4 for detailed information on restatement of comparatives.

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 year ended 30 June 2013

	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	(929)	201	11,774	752	34,842
Profit after income tax expense for the year	-	-	-	2,915	620	3,535
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,915	620	3,535
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 26)	15,942	250	-	-	-	16,192
Shares issued on option exercised	238	-	-	-	-	238
Share-based payment	-	-	192	-	-	192
Distributions	-	-	-	-	(60)	(60)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	(511)	(511)
Transactions with non-controlling interest	-	(3,387)	-	-	-	(3,387)
Dividends paid (note 31)	-	-	-	(3,127)	(568)	(3,695)
Balance at 30 June 2013	39,224	(4,066)	393	11,562	233	47,346

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

Greencross Limited
Statement of cash flows
For the year ended 30 June 2013

	Note	Consolidated 2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		116,596	90,694
Payments to suppliers (inclusive of GST)		(100,099)	(78,242)
		16,497	12,452
Interest received		138	93
Interest and other finance costs paid		(2,652)	(2,018)
Income taxes paid		(3,120)	(2,282)
Net cash from operating activities	43	10,863	8,245
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	39	(13,800)	(15,078)
Payments for property, plant and equipment		(3,788)	(2,020)
Payments for intangibles		(9)	(38)
Payments for deferred settlements		(709)	(158)
Net cash used in investing activities		(18,306)	(17,294)
Cash flows from financing activities			
Proceeds from issue of shares		12,531	830
Borrowings (net)		3,796	10,227
Share issue transaction costs		(510)	(43)
Dividends paid		(2,920)	(1,663)
Net cash from financing activities		12,897	9,351
Net increase in cash and cash equivalents		5,454	302
Cash and cash equivalents at the beginning of the financial year		3,348	3,046
Cash and cash equivalents at the end of the financial year	9	8,802	3,348

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

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 27 August 2013. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are 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. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

Note 2. Significant accounting policies (continued)

Going concern
At 30 June 2013, the consolidated entity had current liabilities in excess of current assets amount to $2,434,000 (30 June 2012: $3,428,000). The consolidated entity has positive operating cash flows of $10,863,000 (30 June 2012: $8,245,000), 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 $11,164,000, 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.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 38.

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Greencross Limited ('company' or 'parent entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Greencross Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts. Retail sales are usually paid by credit card or by cash.

Rendering of veterinary services
Rendering of veterinary services revenue is recognised on an accrual basis when the right to receive the revenue is established.

Note 2. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Greencross Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'standalone taxpayer' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Inventory for sale and use are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Note 2. Significant accounting policies (continued)

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives at the rates as follows:

Motor vehicles	20%
Computer equipment	10 to 30%
Furniture, fixtures and fittings	7 to 20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset’s useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Business Associate development
Significant costs associated with Business Associate development are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Investments and other financial assets
Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mis-match. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings
- interest on finance leases

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 2. Significant accounting policies (continued)

Employee benefits

Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities 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.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 2. Significant accounting policies (continued)

Business Associate
To incentivise certain employees the consolidated entity has employment agreements under which the employees can become entitled to either short-term or long-term profit-share or bonus payments upon financial contribution for the entry into the program.

The financial contribution made by participants are treated as short term borrowings as they are generally refundable subject to satisfying both the terms of employment agreement and the business associate agreement ('BA Agreement'), less any amounts already paid.

The short-term and long-term employee benefits under the business associate program are recognised as a provision and represent expected future payments to be made in respect of the employee’s BA Agreement.

The liability for these business associate short-term and long-term employee benefits are recognised in current and non-current liabilities, depending on the right to defer payment of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of long-term employee benefits. Consideration is given to expected future performance measures and periods of service. Expected future payments are discounted using market yield at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Issued capital
Ordinary shares are classified as equity.

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

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Greencross Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2013. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2015 and has determined the adoption will not have a material impact on the consolidated entity.

AASB 10 Consolidated Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity. Currently this standard will not have a material impact on the consolidated entity.

AASB 11 Joint Arrangements
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, in accordance with the standards applicable to the particular assets, liabilities, revenues and expenses. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 12 Disclosure of Interests in Other Entities
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

Note 2. Significant accounting policies (continued)

AASB 127 Separate Financial Statements (Revised)
AASB 128 Investments in Associates and Joint Ventures (Reissued)
These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability of the consolidated entity.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No. 1) now specify the KMP disclosure requirements to be included within the directors report for annual reporting periods beginning 1 July 2013.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position. The adoption of the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of "currently has a legally enforceable right of set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Note 2. Significant accounting policies (continued)

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 ‘Income Taxes’; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039
This amendment is applicable to annual reporting periods beginning on or after 1 January 2013. The amendment removes reference in AASB 1048 following the withdrawal of Interpretation 1039. The adoption of this amendment will not have a material impact on the consolidated entity.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments
These amendments are applicable to annual reporting periods beginning on or after 1 January 2013. They amend AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity’s previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of these amendments will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 ‘Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity’s current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Long service leave provision
As discussed in note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Deferred consideration
The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost. If the deferred consideration is linked to employment it is treated as remuneration and brought to account over the life of the deferred period.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Business Associate liability
The Business Associate liability is recognised and measured at the present value of the estimated future cash flows to be made in respect of the Business Associate liabilities at reporting date. In determining the present value of the liability, estimates of Business Associates attrition rates and expected growth rates of the Business Associates’ clinics through increased performance and inflation have been taken into account. Expected future Business Associate payments are discounted using market yields on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 4. Restatement of comparatives

As a result of the change of auditor process certain errors have been identified in the previous reporting period. This has led to a total reduction in profit after tax of $359,000 for the 2012 financial year and reduces the opening equity by the same amount for the 2013 financial year. The adjustments are comprised of the following elements:

Restatement of contingent deferred settlement
The consolidated entity has 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 $1,042,000 (shown in trade and other payables) and retained earnings of $170,000 through the movement to employee benefits expense in profit and loss of $170,000. There is no impact upon the cash generating capacity of the business acquisition contracts.

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 consolidated entity’s best estimate of the timing, nature and value of the benefits to be provided. The consolidated entity has restated the statement of financial position for the year ended 30 June 2012 to increase deferred income by $269,000, increase deferred tax asset by $80,000 and decrease retained earnings by $189,000 through a reduction of revenue of $269,000 and an increase to income tax expense of $80,000 being the corresponding entries for the adjustment and the tax effect on it.

Reclassification of other reserves and non-controlling interest
During the year, on finalisation of business combination accounting for the 30 June 2012 year end a reclassification of $548,000 to other reserves was made which resulted in a transaction of $540,000 from non-controlling interest on acquisition of subsidiary and $8,000 from retained earnings to correct the non-controlling interest balance.

Reclassification of prepayments and other current assets
During the year, it was decided to disclose prepayments separately from other assets on the face of the statement of financial position. As a result of this decision, there has been a reclassification of the 30 June 2012 comparative balances to disclose the prepayment amount of $354,000 as a new line item prepayments from its original classification in other assets leading to a $354,000 decrease in other assets. Also amended was an audit adjustment posted at the year end between other assets and trade receivables which led to a decrease in other assets of $303,000 and an increase to trade receivables of $303,000 for the effect of the removal of the adjustment.

Reclassification of Business Associate provisions and loans
The consolidated entity reviewed its Business Associate liability during the financial year and reclassified part of the liability to provisions from borrowings. As a result of this change the comparative was adjusted for comparative purposes which let to a decrease in non-current borrowings of $1,145,000 and an increase in current provisions of $144,000, an increase in current borrowings of $130,000 and an increase in non-current provisions of $871,000 to reflect this reclassification.

Reclassification of deferred taxes
During the year, the consolidated entity has corrected the treatment of reporting deferred tax assets offset against deferred tax liabilities. The consolidated entity has re-stated the statement of financial position for the year ended 30 June 2012 to decrease deferred tax assets by $331,000 and decrease deferred tax liabilities by $331,000. There is no impact on the statement of profit or loss and other comprehensive income and no impact to cash flows.

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

Note 4. Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

	Consolidated		
	2012 $'000 Reported	**$'000 Adjustment**	**2012 $'000 Restated**
Revenue	82,603	(269)	82,334
Expenses			
Consumables used	(21,581)	-	(21,581)
Employee benefits expense	(37,920)	(170)	(38,090)
Depreciation and amortisation expense	(1,349)	-	(1,349)
Occupancy costs	(6,964)	-	(6,964)
Acquisition costs	7	-	7
Other expenses	(4,816)	-	(4,816)
Finance costs	(2,018)	-	(2,018)
Profit before income tax expense	7,962	(439)	7,523
Income tax expense	(2,412)	80	(2,332)
Profit after income tax expense for the year	5,550	(359)	5,191
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year attributable to the owners of Greencross Limited	5,550	(359)	5,191
Profit for the year is attributable to:			
Non-controlling interest	691	-	691
Owners of Greencross Limited	4,859	(359)	4,500
	5,550	(359)	5,191
Total comprehensive income for the year is attributable to:			
Non-controlling interest	691	-	691
Owners of Greencross Limited	4,859	(359)	4,500
	5,550	(359)	5,191
	Cents Reported	**Adjustment**	**Cents Restated**
Basic earnings per share	15.78	(1.16)	14.62
Diluted earnings per share	15.75	(1.16)	14.59

Statement of financial position at the beginning of the earliest comparative period
As no restatement or reclassification affects the opening balances at 1 July 2011, no third statement of financial position is required to be shown as no balances were restated or reclassified at this date.

Note 4. Restatement of comparatives (continued)

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

	Consolidated		
	2012 $'000 Reported	**$'000 Adjustment**	**2012 $'000 Restated**
Assets			
Current assets			
Cash and cash equivalents	3,348	-	3,348
Trade and other receivables	1,053	303	1,356
Inventories	3,148	-	3,148
Loans	231	-	231
Prepayments	-	354	354
Other	1,095	(657)	438
Total current assets	8,875	-	8,875
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	71,736	(1,463)	70,273
Total assets	80,611	(1,463)	79,148
Liabilities			
Current liabilities			
Trade and other payables	7,546	(18)	7,528
Borrowings	786	130	916
Income tax	1,030	-	1,030
Provisions	2,416	144	2,560
Other	-	269	269
Total current liabilities	11,778	525	12,303
Non-current liabilities			
Payables	2,227	(1,024)	1,203
Borrowings	30,652	(1,145)	29,507
Deferred tax	331	(331)	-
Provisions	422	871	1,293
Total non-current liabilities	33,632	(1,629)	32,003
Total liabilities	45,410	(1,104)	44,306
Net assets	35,201	(359)	34,842
Equity			
Issued capital	23,044	-	23,044
Other reserves	(381)	(548)	(929)
Reserves	201	-	201
Retained profits	12,125	(351)	11,774
Equity attributable to the owners of Greencross Limited	34,989	(899)	34,090
Non-controlling interest	212	540	752
Total equity	35,201	(359)	34,842

Note 5. 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 financial statements.

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

Earnings before interest, tax, depreciation and amortisation ('EBITDA')

	Consolidated	
	2013 $'000	2012 $'000
Profit for the year	3,535	5,191
Less: Interest received	(138)	(93)
Add: Interest expense	2,675	2,018
Add: Income tax expense	2,693	2,332
Add: Depreciation and amortisation expense	1,898	1,349
EBITDA	10,663	10,797

Underlying EBITDA

	Consolidated	
	2013 $'000	2012 $'000
EBITDA	10,663	10,797
Add: Deferred consideration	1,863	170
Add: Acquisition related costs	971	98
Add: Write-off research legal costs	61	-
Add: Start-up/closure costs not capitalised	898	-
Underlying EBITDA	14,456	11,065

Note 6. Revenue

	Consolidated	
	2013 $'000	2012 $'000
Sales revenue		
Sale of goods and rendering of services	106,566	82,241
Other revenue		
Interest	138	93
Revenue	106,704	82,334

Note 7. Expenses

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	1,681	1,243
Plant and equipment under lease	123	106
Total depreciation	1,804	1,349
Amortisation		
Business Associate development	94	-
Total depreciation and amortisation	1,898	1,349
Finance costs		
Interest and finance charges paid/payable	2,625	2,011
Interest and finance charges paid/payable on deferred settlements	50	7
Finance costs expensed	2,675	2,018
Rental expense relating to operating leases		
Minimum lease payments	7,220	5,372
Superannuation expense		
Defined contribution superannuation expense	3,652	2,786
Share-based payments expense		
Options	192	68

Employee expenses are higher than normal in this financial year due to amendments made to the 8 agreements referred to in Note 4. These amendments removed the link to employment, effectively accelerating the recognition of the deferred consideration as an employee expense. The amendments had an effect on employee expenses by $1,863,000.

Note 8. Income tax expense

	Consolidated 2013 $'000	Consolidated 2012 $'000
Income tax expense		
Current tax	3,371	2,477
Deferred tax - origination and reversal of temporary differences	(682)	(148)
Adjustment recognised for prior periods	4	3
Aggregate income tax expense	2,693	2,332
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 17)	(682)	(148)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	6,228	7,523
Tax at the statutory tax rate of 30%	1,868	2,257
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	30	72
Acquisition costs	232	-
Deferred settlement	559	-
	2,689	2,329
Adjustment recognised for prior periods	4	3
Income tax expense	2,693	2,332
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 17)	(154)	(19)

Note 9. Current assets - cash and cash equivalents

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash on hand	55	37
Cash at bank	8,747	3,311
	8,802	3,348

Note 10. Current assets - trade and other receivables

	Consolidated	
	2013 $'000	2012 $'000
Trade receivables	1,886	1,131
Less: Provision for impairment of receivables	(98)	(78)
	1,788	1,053
Intercompany receivables	-	303
	1,788	1,356

Impairment of receivables
The consolidated entity has recognised a loss of $130,000 (2012: $98,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2013.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2013 $'000	2012 $'000
Over 60 days overdue	98	78

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2013 $'000	2012 $'000
Opening balance	78	66
Additional provisions recognised	150	110
Receivables written off during the year as uncollectable	(130)	(98)
Closing balance	98	78

Note 10. Current assets - trade and other receivables (continued)

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $1,788,000 as at 30 June 2013 ($1,053,000 as at 30 June 2012).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices. Based on historic default rates, the consolidated entity believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 60 days. For those receivables outstanding more than 60 days each debtor has been individually analysed and a provision for impairment established accordingly as necessary.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2013	2012
	$'000	$'000
1 to 30 days overdue	639	133
31 to 60 days overdue	261	298
Over 60 days overdue	888	622
	1,788	1,053

Note 11. Current assets - inventories

	Consolidated	
	2013	2012
	$'000	$'000
Inventory for sale and use - at cost	4,208	3,148

Note 12. Current assets - loans

	Consolidated	
	2013	2012
	$'000	$'000
Loans to related parties	16	231

Loans are not past due or impaired.

Note 13. Current assets - prepayments

	Consolidated	
	2013	2012
	$'000	$'000
Prepayments	306	354

Note 14. Current assets - other

	Consolidated 2013 $'000	2012 $'000
Accrued revenue	441	394
Security deposits	36	10
Other current assets	15	34
	492	438

Note 15. Non-current assets - property, plant and equipment

	Consolidated 2013 $'000	2012 $'000
Plant and equipment - at cost	19,782	14,854
Less: Accumulated depreciation	(7,067)	(5,315)
	12,715	9,539
Plant and equipment under lease	2,410	1,001
Less: Accumulated depreciation	(322)	(240)
	2,088	761
	14,803	10,300

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment $'000	Plant under lease $'000	Total $'000
Consolidated			
Balance at 1 July 2011	7,020	713	7,733
Additions	1,866	154	2,020
Additions through business combinations (note 39)	1,896	-	1,896
Depreciation expense	(1,243)	(106)	(1,349)
Balance at 30 June 2012	9,539	761	10,300
Additions	3,788	1,480	5,268
Additions through business combinations (note 39)	1,158	-	1,158
Disposals	(89)	(30)	(119)
Depreciation expense	(1,681)	(123)	(1,804)
Balance at 30 June 2013	12,715	2,088	14,803

Property, plant and equipment secured under finance leases

Refer to note 36 for further information on property, plant and equipment secured under finance leases.

Note 16. Non-current assets - intangibles

	Consolidated 2013 $'000	Consolidated 2012 $'000
Goodwill - at cost	71,535	58,846
	71,535	58,846
Business Associate development - at cost	310	334
Less: Accumulated amortisation	(94)	-
	216	334
	71,751	59,180

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Business Associate development $'000	Total $'000
Balance at 1 July 2011	44,230	296	44,526
Additions	-	38	38
Additions through business combinations (note 39)	14,616	-	14,616
Balance at 30 June 2012	58,846	334	59,180
Additions	19	37	56
Additions through business combinations (note 39)	12,670	-	12,670
Write off of assets	-	(61)	(61)
Amortisation expense	-	(94)	(94)
Balance at 30 June 2013	71,535	216	71,751

Refer to note 4 for restatement of comparatives.

Note 16. Non-current assets - intangibles (continued)

Impairment testing for goodwill
Goodwill is allocated to cash-generating units ('CGUs'), which are based on the consolidated entity's geographical regions as follows:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Brisbane		
- East	4,775	4,775
- West	7,691	6,102
Gold Coast	13,788	12,037
Townsville & Sunshine Coast	4,789	4,789
Melbourne		
- East	13,457	12,839
- West	6,168	3,826
New South Wales	13,610	8,281
Adelaide	339	339
AEC	3,056	3,056
VEPA	1,060	-
Southcoast	2,802	2,802
	71,535	58,846

CGU reallocation
Due to operational management structural changes, CGU's were rearranged for the year ended 30 June 2013 as follows:
• Brisbane CGU was split into Western and Eastern regions;
• Melbourne CGU was split into Western and Eastern regions;
• Sunshine Coast CGU and Townsville regions were combined;
• CareVet CGU was combined into the Brisbane West region; and
• South Australian entities were combined into the West Melbourne region.

Goodwill is not monitored at the individual practice level as synergies are expected across all practices within the geographical locations.

Significant assumptions used for the purposes of the value-in-use calculation include:
General:
Period of cash flows: 5 years (2012: 5 years)
Growth rate during the forecast period: Revenue 2%, Consumables 2%, Other costs 2% growth over historical cash flows
Pre-tax discount rate of 12.5% (2012: 10.5%) based on a weighted average cost of capital of 8.75% (2012: 7.4%)*
Terminal value growth rate of 2%
VEPA:
Period of cash flows: 5 years (2012: 5 years)
Growth rate during the forecast period: Revenue 4%, Consumables 2%, Other costs 2% growth over historical cash flows
Pre-tax discount rate of 12.5% (2012: 10.5%) based on a weighted average cost of capital of 8.75% (2012: 7.4%)*
Terminal value growth rate of 2%

* The increase in pre-tax discount rate is mainly attributable to the choice of market beta selected for impairment purposes currently set at 1.50 (2012: 1.15).

Note 16. Non-current assets - intangibles (continued)

Sensitivity analysis
The consolidated entity has conducted sensitivity analysis on the assumptions above to assess the effect on recoverable amount of changes in the key assumptions.

The consolidated entity is satisfied that all the assumptions on which the recoverable amounts are based are fair and reasonable and that currently overall there are no reasonably known changes to these assumptions that would cause the aggregate amount to exceed the aggregate recoverable amount of any of the consolidated entity's CGUs as at 30 June 2013.

Note 17. Non-current assets - deferred tax

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	31
Impairment of receivables	29	23
Property, plant and equipment	(192)	(99)
Employee benefits	1,970	847
Finance leases	(99)	(107)
Accrued expenses	156	162
Deferred settlement	115	193
Accrued income	(268)	(42)
Other	(139)	(272)
	1,572	736
Amounts recognised in equity:		
Transaction costs on share issue	162	57
Deferred tax asset	1,734	793
Movements:		
Opening balance	793	512
Credited to profit or loss (note 8)	682	148
Credited to equity	154	19
Additions through business combinations (note 39)	105	114
Closing balance	1,734	793

Refer to note 4 for restatement of comparatives.

Note 18. Current liabilities - trade and other payables

	Consolidated 2013 $'000	Consolidated 2012 $'000
Trade payables	5,623	4,057
Deferred settlement	1,209	423
Accruals	2,099	1,355
GST payable	1,507	1,212
Other payables	865	481
	11,303	7,528

Refer to note 32 for further information on financial instruments.

Note 19. Current liabilities - borrowings

	Consolidated 2013 $'000	Consolidated 2012 $'000
Bank loans	735	372
Business Associate loan	391	274
Unsecured loans	75	95
Lease liability	429	175
	1,630	916

Refer to note 24 for further information on assets pledged as security and financing arrangements and note 32 for further information on financial instruments.

Note 20. Current liabilities - income tax

	Consolidated 2013 $'000	Consolidated 2012 $'000
Provision for income tax	1,260	1,030

Note 21. Current liabilities - provisions

	Consolidated 2013 $'000	Consolidated 2012 $'000
Annual leave	2,501	1,936
Long service leave	644	432
Employee benefits	59	48
Business Associate	123	144
	3,327	2,560

Note 21. Current liabilities - provisions (continued)

Business Associate
The Business Associate liability represents the estimated future cash flows to be made within one year of the reporting date in respect of Business Associate liabilities.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Business Associate $'000
Consolidated - 2013	
Carrying amount at the start of the year	144
Additional provisions recognised	741
Business Associate payments	(762)
Carrying amount at the end of the year	123

Note 22. Current liabilities - other

	Consolidated 2013 $'000	Consolidated 2012 $'000
Deferred revenue	526	269

Note 23. Non-current liabilities - payables

	Consolidated 2013 $'000	Consolidated 2012 $'000
Deferred settlements	2,282	1,203

Refer to note 32 for further information on financial instruments.

Refer to note 4 for restatement of comparatives.

Deferred settlements represent the liability to settle the acquisition of controlled entities and businesses, which will be settled by way of cash. The non-current portion of the deferred settlements have been discounted to present value using the consolidated entity's weighted average cost of capital.

Note 24. Non-current liabilities - borrowings

	Consolidated	
	2013	2012
	$'000	$'000
Bank loans	32,474	29,237
Lease liability	1,129	270
	33,603	29,507

Refer to note 32 for further information on financial instruments.

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

	Consolidated	
	2013	2012
	$'000	$'000
Bank loans	33,209	29,609
Lease liability	1,558	445
	34,767	30,054

Assets pledged as security
The bank loans are secured by a fixed and floating charge over the assets of the consolidated entity, a registered mortgage debenture over the whole of the assets of the consolidated entity including goodwill, uncalled capital and called but unpaid capital and a guarantee and indemnity for $46,560,000 (2012: $41,550,000) has been given by the subsidiaries of the consolidated entity.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Note 24. Non-current liabilities - borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2013 $'000	2012 $'000
Total facilities		
Bank overdraft	1,000	500
Bank loans	43,421	40,704
Asset finance facility (lease liability)	2,746	2,345
Indemnity guarantee facility - financial guarantee	1,645	1,645
	48,812	45,194
Used at the reporting date		
Bank overdraft	-	-
Bank loans	33,209	29,609
Asset finance facility (lease liability)	1,517	445
Indemnity guarantee facility - financial guarantee	919	640
	35,645	30,694
Unused at the reporting date		
Bank overdraft	1,000	500
Bank loans	10,212	11,095
Asset finance facility (lease liability)	1,229	1,900
Indemnity guarantee facility - financial guarantee	726	1,005
	13,167	14,500

Note 25. Non-current liabilities - provisions

	Consolidated	
	2013 $'000	2012 $'000
Long service leave	583	422
Business Associate	2,040	871
	2,623	1,293

Business Associate
The Business Associate liability is recognised and measured at the present value of the estimated future cash flows to be made in respect of the Business Associate liabilities at reporting date.

Note 25. Non-current liabilities - provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Business Associate $'000
Consolidated - 2013	
Carrying amount at the start of the year	871
Additional provisions recognised	1,169
Carrying amount at the end of the year	2,040

Note 26. Equity - issued capital

	Consolidated		Consolidated	
	2013 Shares	**2012 Shares**	**2013 $'000**	**2012 $'000**
Ordinary shares - fully paid	37,274,599	31,635,311	39,224	23,044

Note 26. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$'000
Balance	1 July 2011	29,925,931		20,747
Share issue - Dividend Reinvestment Plan	16 September 2011	271,988	$1.10	299
Share issue - Dividend Reinvestment Plan	22 September 2011	336,824	$1.10	370
Shares issued as acquisitions consideration	1 February 2012	668,879	$1.28	856
Share issue - Dividend Reinvestment Plan	28 March 2012	235,184	$1.90	447
Share issue - Dividend Reinvestment Plan	30 March 2012	186,505	$1.90	354
Share issue - Employee Share Plan	4 June 2012	10,000	$1.40	14
Share issue transaction costs				(43)
Balance	30 June 2012	31,635,311		23,044
Share issue - Senior Management Option Plan	8 August 2012	30,000	$1.40	42
Share issue - Senior Management Option Plan	30 August 2012	20,000	$1.40	28
Share issue - Employee Share Plan	30 August 2012	300,000	$2.30	-
Share issue - Dividend Reinvestment Plan	14 September 2012	511,639	$2.50	1,279
Share issue - Senior Management Option Plan	22 November 2012	10,000	$1.40	14
Share issue - Employee Share Plan	22 November 2012	125,000	$2.30	-
Shares issued on acquisition on non-controlling interest	14 December 2012	337,031	$2.90	977
Shares issued on acquisition on non-controlling interest	2 January 2013	228,987	$2.90	664
Shares issued on acquisition on non-controlling interest	30 January 2013	584,466	$2.90	1,695
Shares issued on acquisition on non-controlling interest	5 February 2013	49,928	$2.90	145
Share issue - Senior Management Option Plan	5 February 2013	10,000	$1.40	14
Shares issued in relation to placement	25 February 2013	3,107,044	$3.40	10,564
Share issue - Senior Management Option Plan	25 February 2013	10,000	$1.40	14
Share issue - Senior Management Option Plan	7 March 2013	20,000	$1.40	28
Share issue - Dividend Reinvestment Plan	22 March 2013	118,439	$4.33	513
Shares issued in relation to placement	27 March 2013	106,754	$4.33	462
Share issue - Senior Management Option Plan	5 April 2013	10,000	$1.40	14
Share issue - Senior Management Option Plan	13 May 2013	10,000	$1.40	14
Share issue - Senior Management Option Plan	6 June 2013	20,000	$1.40	28
Share issue - Senior Management Option Plan	25 June 2013	30,000	$1.40	42
Share issue transaction costs				(357)
Balance	30 June 2013	37,274,599		39,224

Note 26. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Dividend reinvestment plan
The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a discount to the market price, as the Directors may determine.

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

Options outstanding
At 30 June 2013 there were 75,000 (2012: 265,000) options outstanding.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2012 Annual Report.

Note 27. Equity - other reserves

	Consolidated	
	2013 $'000	2012 $'000
Other reserves	(4,316)	(929)
Shares subscribed awaiting shareholder approval	250	-
	(4,066)	(929)

The other reserves relate to transactions with non-controlling interest.

Note 28. Equity - reserves

	Consolidated	
	2013 $'000	2012 $'000
Options reserve	393	201

Note 28. Equity - reserves (continued)

	Option reserve $'000	Total $'000
Consolidated		
Balance at 1 July 2011	133	133
Share-based payment expense	68	68
Balance at 30 June 2012	201	201
Share-based payment expense	192	192
Balance at 30 June 2013	393	393

Option reserve
The option reserve is used to recognise the share-based payment expense for options provided under the Employee Share Option Plan and Employee Share Loan Plan costs.

Note 29. Equity - retained profits

	Consolidated	
	2013 $'000	**2012 $'000**
Retained profits at the beginning of the financial year	11,774	9,412
Profit after income tax expense for the year	2,915	4,500
Dividends paid (note 31)	(3,127)	(2,146)
Transfer to non-controlling interest	-	8
Retained profits at the end of the financial year	11,562	11,774

Refer to note 4 for restatement of comparatives.

Note 30. Equity - non-controlling interest

	Consolidated	
	2013 $'000	**2012 $'000**
Non-controlling interest	233	752

Note 31. Equity - dividends

Dividends

	Consolidated 2013 $'000	Consolidated 2012 $'000
Final dividend for the year ended 30 June 2012 (2012: 30 June 2011) of 4 cents (2012: 3 cents) per ordinary share.	1,278	898
Interim dividend for the year ended 30 June 2013 (2012: 30 June 2012) of 5 cents (2012: 4 cents) per ordinary share.	1,849	1,248
	3,127	2,146

At the date of signing the consolidated entity has declared a final dividend of 5.0 cents per share at a Record Date of 12 September 2013, which is expected to be paid on 16 September 2013.

The final dividend for the year ended 30 June 2013 will be subject to the company's Dividend Reinvestment Plan ('DRP'). Eligible shareholders will be able to participate in the DRP with shares expected to be issued at a 2.5% discount to the volume weighted average price ('VWAP') of the company's shares over the 5 days following the Record Date and will rank equally with all other shares.

$568,000 (2012: $170,000) was paid to non-controlling interest in respect of their dividends in the underlying entities during the year ended 30 June 2013. There are no proposed dividends for minority interests as at signing date.

Franking credits

	Consolidated 2013 $'000	Consolidated 2012 $'000
Franking credits available at the reporting date based on a tax rate of 30%	7,764	3,866
Franking credits available for subsequent financial years based on a tax rate of 30%	7,764	3,866
Franking debits that will arise from the payment of dividends declared subsequent to the reporting date based on a tax rate of 30%	(799)	(542)
Net franking credits available based on a tax rate of 30%	6,965	3,324

Note 32. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the Audit Compliance and Risk Management Committee ('Committee') under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. The Committee identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

Market risk

Foreign currency risk
The consolidated entity is not exposed to any significant foreign currency risk.

Price risk
The consolidated entity is not exposed to any significant price risk.

Note 32. Financial instruments (continued)

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk.

As at the reporting date, the consolidated entity had the following variable rate cash balances and borrowings outstanding:

	2013		2012	
	Weighted average interest rate %	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Consolidated				
Cash at bank	2.75	8,747	3.65	3,311
Bank loans	4.40	(33,209)	5.26	(29,609)
Net exposure to cash flow interest rate risk		(24,462)		(26,298)

An analysis by remaining contractual maturities in shown in 'liquidity risk' management below.

For the consolidated entity the bank loans outstanding, $971,000 (2012: $1,255,000), are principal and interest payment loans and the remaining $32,292,000 (2012: $28,354,000) are interest only loans. An official increase/decrease in interest rates of 50 (2012: 50) basis points would not have a material impact on profit before tax for the consolidated entity, based on the net exposure.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 32. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Bank overdraft	1,000	500
Bank loans	10,212	11,095
Asset finance facility (lease liability)	1,229	1,900
Indemnity guarantee facility - financial guarantee	726	1,005
	13,167	14,500

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 2 years (2012: 2 years).

The consolidated entity has an indemnity guarantee facility with its bankers to pay financial obligations to third parties in order to maintain cash reserves.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2013	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	7,130	-	-	-	7,130
Deferred settlement	-	1,209	2,510	121	-	3,840
Business Associate investments	-	391	-	-	-	391
Other payables	-	865	-	-	-	865
Other loans	-	75	-	-	-	75
Interest-bearing - variable						
Bank loans	4.40	1,011	-	35,390	-	36,401
Lease liability	6.91	470	449	793	-	1,712
Total non-derivatives		11,151	2,959	36,304	-	50,414

Note 32. Financial instruments (continued)

Consolidated - 2012	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	5,270	-	-	-	5,270
Deferred settlement *	-	432	601	1,765	-	2,798
Business Associate loan *	-	-	19	278	-	297
Other payables	-	478	-	-	-	478
Other loans	-	95	-	-	-	95
Interest-bearing - variable						
Bank loans	5.26	1,916	-	30,053	-	31,969
Lease liability	7.60	202	280	-	-	482
Total non-derivatives		8,393	900	32,096	-	41,389

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

* Net present value amounts rather than remaining contractual maturity

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 33. Key management personnel disclosures

Directors
The following persons were directors of Greencross Limited during the financial year:

Andrew Geddes	Independent Non-Executive Chairman
Dr Glen Richards	Managing Director
Dr John Odlum	Executive Director
Jeffrey David	Independent Non-Executive Director
Stuart James	Independent Non-Executive Director

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Wesley Coote	Chief Financial Officer and Company Secretary
Terry King	General Manager of Operations
Tomas Steenackers (appointed on 26 November 2012)	General Manager of Business to Business Operations

Note 33. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2013 $	Consolidated 2012 $
Short-term employee benefits	1,176,904	744,836
Post-employment benefits	114,649	105,528
Long-term benefits	27,482	12,415
Share-based payments	153,086	67,897
	1,472,121	930,676

Shareholding
The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2013	Balance at the start of the year	* Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Andrew Geddes	226,089	-	6,269	-	232,358
Dr Glen Richards	3,114,009	125,000	-	(100,000)	3,139,009
Dr John Odlum **	4,200,931	-	43,662	-	4,244,593
Jeffrey David	24,997	-	692	-	25,689
Stuart James	1,576,405	-	141,788	-	1,718,193
Wesley Coote	250,000	100,000	10,000	(10,000)	350,000
Terry King	285,000	75,000	-	-	360,000
	9,677,431	300,000	202,411	(110,000)	10,069,842

* Received as part of remuneration in 2013 relates to shares received under the Employee Loan Plan that are unvested
** 69,845 shares are held indirectly through personally related parties

2012	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Andrew Geddes	200,000	-	26,089	-	226,089
Dr Glen Richards	3,040,552	-	73,457	-	3,114,009
Dr John Odlum ***	4,076,172	-	124,759	-	4,200,931
Jeffrey David	23,000	-	1,997	-	24,997
Stuart James	1,503,000	-	73,405	-	1,576,405
Bruce Dixon * **	-	-	490,831	(490,831)	-
Wesley Coote	250,000	-	-	-	250,000
Terry King	285,000	-	-	-	285,000
	9,377,724	-	790,538	(490,831)	9,677,431

* Additions includes 480,711 ordinary shares held at date of appointment as a director
** Disposals/other includes 90,665 shares disposed of during the period of appointment. The remaining amount represents no longer key management personnel not necessarily a physical disposal of holding
*** 67,964 shares are held indirectly through personally related parties

Note 33. Key management personnel disclosures (continued)

Option holding
The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2013	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Wesley Coote	10,000	-	(10,000)	-	-
	10,000	-	(10,000)	-	-

2012	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Wesley Coote	10,000	-	-	-	10,000
	10,000	-	-	-	10,000

2012	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
Wesley Coote	10,000	-	10,000
	10,000	-	10,000

Related party transactions
Related party transactions are set out in note 37.

Note 34. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company:

	Consolidated 2013 $	Consolidated 2012 $
Audit services - PricewaterhouseCoopers (2012: Crowe Horwath Brisbane)		
Audit or review of the financial statements	130,000	166,483
Other services - PricewaterhouseCoopers (2012: Crowe Horwath Brisbane)		
Open measures	-	33,260
Tax compliance services	-	8,800
	-	42,060
	130,000	208,543

All auditor's remuneration is paid by Greencross Operations Pty Ltd a 100% owned subsidiary of Greencross Limited.

Note 35. Contingent liabilities

The consolidated entity has provided bank guarantees to the Commonwealth Bank of Australia. The amount of the bank guarantees are as follows:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Bank guarantees	919	640

Note 36. Commitments

	Consolidated 2013 $'000	Consolidated 2012 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	7,220	5,659
One to five years	18,568	16,453
More than five years	1,014	968
	26,802	23,080
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	470	202
One to five years	1,242	280
Total commitment	1,712	482
Less: Future finance charges	(154)	(37)
Net commitment recognised as liabilities	1,558	445
Representing:		
Lease liability - current (note 19)	429	175
Lease liability - non-current (note 24)	1,129	270
	1,558	445

Operating lease commitments includes contracted amounts for leased premises and veterinary equipment under non-cancellable operating leases expiring within 3 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of $943,000 (2012: $761,000) under finance leases expiring within 1 to 3 years. Under the terms of the leases, the consolidated entity has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 37. Related party transactions

Parent entity
Greencross Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 40.

Key management personnel
Disclosures relating to key management personnel are set out in note 33 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2013	**2012**
	$	**$**
Other income:		
Administration fees paid by Healthy Pets Plus Limited *, a company limited by guarantee in which Dr Glen Richards, Dr John Odlum and Mr Wesley Coote are directors.	119,191	-
Payment for other expenses:		
Rent and outgoings paid to Greencross Properties Pty Ltd, a company controlled by director Dr Glen Richards.	85,996	156,545
Rent paid to Icecombe Pty Ltd, a company controlled by director Dr John Odlum.	185,624	194,594
Rent paid to KCORM Property Trust, a trust associated with directors Dr Glen Richards and Dr John Odlum.	181,694	185,246
Rent paid to AEC Property Trust, a trust associated with directors Dr Glen Richards and Dr John Odlum.	220,053	212,368
Rent paid to Petbarn Pty Ltd, a company associated with directors Mr Jeffrey David and Dr Glen Richards.	95,970	44,564
Administration fees paid to Healthy Pets Plus Limited *, a company limited by guarantee in which Dr Glen Richards, Dr John Odlum and Mr Wesley Coote are directors.	286,860	-
Other transactions:		
Bonus paid to Greencross Properties Pty Ltd, a company controlled by director Dr Glen Richards.	131,890	-

* Healthy Pets Plus Limited is a company limited by guarantee, and owned by the members of Healthy Pets Plus. The company administers the Healthy Pets Plus program which is a program that is being offered to clients of the consolidated entity. The above administration fee is charged by Healthy Pets Plus Limited to administer the program.

Note 37. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2013 $	2012 $
Current payables:		
Rent payable to Icecombe Pty Ltd, a company controlled by director Dr John Odlum.	296	-
Rent payable to AEC Property Trust, a trust associated with directors Dr Glen Richards and Dr John Odlum.	-	3,102
Trade payables to Petbarn Pty Ltd, a company associated with director Mr Jeffrey David.	6,663	-
Loan payable to Healthy Pets Plus Limited, a company limited by guarantee where Dr Glen Richards, Dr John Odlum and Mr Wesley Coote are directors.	18,558	-
Administration wages payable to Healthy Pets Plus Limited, a company limited by guarantee in which Dr Glen Richards, Dr John Odlum and Mr Wesley Coote are directors.	49,891	-

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2013 $	2012 $
Current receivables:		
Amounts receivable from Healthy Pets Plus Limited, a company limited by guarantee in which Dr Glen Richards, Dr John Odlum and Mr Wesley Coote are directors.	63,091	-

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 38. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2013 $'000	2012 $'000
Profit/(loss) after income tax	3,125	(13)
Total comprehensive income	3,125	(13)

Note 38. Parent entity information (continued)

Statement of financial position

	Parent 2013 $'000	Parent 2012 $'000
Total current assets	1,240	4,684
Total assets	39,520	22,958
Total current liabilities	(81)	(23)
Total liabilities	(81)	(23)
Equity		
Issued capital	39,867	23,245
Accumulated losses	(266)	(264)
Total equity	39,601	22,981

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has provided financial guarantees in respect of the bank overdraft and the bank loans of the subsidiaries amounting to $46,560,000 (2012: $41,550,000), secured by a registered charge over the assets of the parent entity and its subsidiaries.

No liability was recognised by the parent entity in relation to these guarantees as the liability for the bank overdraft and the bank loans are recorded in the relevant subsidiaries of the parent entity.

The parent entity will receive dividends from its subsidiaries in order to have appropriate retained earnings to pay dividends to its shareholders. There is sufficient retained profits in the subsidiaries in order to satisfy dividend payment obligations at 30 June 2013.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2013 and 30 June 2012.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2013 and 30 June 2012.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 39. Business combinations

Summary of business combinations for the year ended 30 June 2013
The consolidated entity acquired the following businesses during the financial 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;
- The Vets Australia Group Gold Coast – acquired on 15 November 2012;
- Paradise Veterinary Hospital - acquired on 14 January 2013;
- Ku-Ring-Gai Veterinary Hospital and Roseville Veterinary Surgery - acquired on 27 February 2013;
- Strathalbyn Veterinary Clinic - acquired on 27 March 2013;
- The Pet Cemetary and Crematorium - acquired on 19 June 2013; and
- Armidale Veterinary Hospital and Uralla Veterinary Clinic - acquired on 25 June 2013.

All acquisitions were veterinary care businesses to increase the consolidated entity's market share in Australia. The goodwill of $12,670,000 represents the value of the businesses to the consolidated entity. Unless otherwise stated, the values identified in relation to each acquisition were final as at 30 June 2013.

Total acquisition costs of $806,000 have been expensed to profit or loss during the year.

A summary of the acquisitions is disclosed below.

Details of the acquisition are as follows:

	Fair value $'000
Trade receivables	7
Inventories	908
Prepayments	34
Other current assets	26
Plant and equipment	1,158
Deferred tax asset	104
Employee benefits	(346)
Net assets acquired	1,891
Goodwill	12,670
Acquisition-date fair value of the total consideration transferred	14,561
Representing:	
Cash paid or payable to vendor	13,800
Deferred settlement	661
Business Associate investment	100
	14,561

Note 39. Business combinations (continued)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	14,561	-
Less: deferred settlement	(661)	-
Less: Business Associate investment	(100)	-
Net cash used	13,800	-

Kilsyth Veterinary Clinic

On 17 July 2012 Greencross Limited acquired 100% of the business assets of Kilsyth Veterinary Clinic for the total consideration transferred of $1,415,000. The acquired business contributed revenues of $1,763,000 and profit after tax of $415,000 to the consolidated entity for the period from 17 July 2012 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of $1,849,000 and profit after tax of $435,000.

Details of the acquisition are as follows:

	Fair value $'000
Trade receivables	7
Inventories	76
Plant and equipment	78
Deferred tax asset	14
Employee benefits	(49)
Net assets acquired	126
Goodwill	1,289
Acquisition-date fair value of the total consideration transferred	1,415
Representing:	
Cash paid or payable to vendor	1,415

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,415	-
Net cash used	1,415	-

Note 39. Business combinations (continued)

Eastwood House and Clifford Park Veterinary Surgery

On 31 July 2012 Greencross Limited acquired 100% of the business assets of Eastwood House and Clifford Park Veterinary Surgery for the total consideration transferred of $755,000. The acquired business contributed revenues of $1,541,000 and profit after tax of $286,000 to the consolidated entity for the period from 31 July 2012 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of $1,681,000 and profit after tax of $312,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	100
Other current assets	9
Plant and equipment	92
Employee benefits	(1)
Net assets acquired	200
Goodwill	555
Acquisition-date fair value of the total consideration transferred	755
Representing:	
Cash paid or payable to vendor	755

	Consolidated	
	2013 $'000	2012 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	755	-
Net cash used	755	-

Note 39. Business combinations (continued)

Silkstone Veterinary Hospital

On 5 October 2012 Greencross Limited acquired 100% of the business assets of Silkstone Veterinary Hospital for the total consideration transferred of $1,088,000. The acquired business contributed revenues of $1,143,000 and profit after tax of $238,000 to the consolidated entity for the period from 5 October 2012 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of $1,557,000 and profit after tax of $324,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	57
Plant and equipment	36
Deferred tax asset	17
Employee benefits	(56)
Net assets acquired	54
Goodwill	1,034
Acquisition-date fair value of the total consideration transferred	1,088
Representing:	
Cash paid or payable to vendor	1,088

	Consolidated	
	2013 $'000	**2012 $'000**
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,088	-
Net cash used	1,088	-

Note 39. Business combinations (continued)

Anvet Coomera Surgery
On 16 October 2012 Greencross Limited acquired 100% of the business assets of Anvet Coomera Surgery for the total consideration transferred of $665,000. The acquired business contributed revenues of $608,000 and profit after tax of $100,000 to the consolidated entity for the period from 16 October 2012 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of $864,000 and profit after tax of $142,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	32
Other current assets	5
Plant and equipment	62
Deferred tax asset	1
Employee benefits	(2)
Net assets acquired	98
Goodwill	567
Acquisition-date fair value of the total consideration transferred	665
Representing:	
Cash paid or payable to vendor	665

	Consolidated 2013 $'000	2012 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	665	-
Net cash used	665	-

Note 39. Business combinations (continued)

The Vets Australia Group Gold Coast

On 15 November 2012 Greencross Limited acquired 100% of the business assets of The Vets Australia Group for the total consideration transferred of $1,439,000. The acquired business contributed revenues of $1,596,000 and profit after tax of $230,000 to the consolidated entity for the period from 15 November 2012 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of $2,566,000 and profit after tax of $370,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	87
Other current assets	12
Plant and equipment	192
Deferred tax asset	16
Employee benefits	(52)
Net assets acquired	255
Goodwill	1,184
Acquisition-date fair value of the total consideration transferred	1,439
Representing:	
Cash paid or payable to vendor	1,339
Business Associate investment	100
	1,439

	Consolidated	
	2013 $'000	**2012 $'000**
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,439	-
Less: Business Associate investment	(100)	-
Net cash used	1,339	-

Note 39. Business combinations (continued)

Paradise Veterinary Hospital

On 14 January 2013 Greencross Limited acquired 100% of the business assets of Paradise Veterinary Hospital for the total consideration transferred of $996,000. The acquired business contributed revenues of $557,000 and profit after tax of $58,000 to the consolidated entity for the period from 14 January 2013 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of $1,217,000 and profit after tax of $127,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	52
Prepayments	6
Plant and equipment	57
Deferred tax asset	5
Employee benefits	(17)
Net assets acquired	103
Goodwill	893
Acquisition-date fair value of the total consideration transferred	996
Representing:	
Cash paid or payable to vendor	896
Deferred settlement	100
	996

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	996	-
Less: deferred settlement	(100)	-
Net cash used	896	-

Note 39. Business combinations (continued)

Ku-Ring-Gai Veterinary Hospital and Roseville Veterinary Surgery
On 27 February 2013 Greencross Limited acquired 100% of the business assets of Ku-Ring-Gai Veterinary Hospital and Roseville Veterinary Surgery for the total consideration transferred of $5,128,000. The acquired business contributed revenues of $1,390,000 and profit after tax of $65,000 to the consolidated entity for the period from 27 February 2013 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of $4,125,000 and profit after tax of $193,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	186
Prepayments	23
Plant and equipment	133
Deferred tax asset	25
Employee benefits	(82)
Net assets acquired	285
Goodwill	4,843
Acquisition-date fair value of the total consideration transferred	5,128
Representing:	
Cash paid or payable to vendor	5,128

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	5,128	-
Net cash used	5,128	-

Note 39. Business combinations (continued)

Strathalbyn Veterinary Clinic
On 27 March 2013 Greencross Limited acquired 100% of the business assets of Strathalbyn Veterinary Clinic for the total consideration transferred of $899,000. The acquired business contributed revenues of $336,000 and profit after tax of $41,000 to the consolidated entity for the period from 27 March 2013 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of $1,291,000 and profit after tax of $158,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	45
Plant and equipment	102
Deferred tax asset	7
Employee benefits	(24)
Net assets acquired	130
Goodwill	769
Acquisition-date fair value of the total consideration transferred	899
Representing:	
Cash paid or payable to vendor	711
Deferred settlement	188
	899

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	899	-
Less: deferred settlement	(188)	-
Net cash used	711	-

Note 39. Business combinations (continued)

The Pet Cemetery and Crematorium Greenbank

On 19 June 2013 Greencross Limited acquired 100% of the business assets of The Pet Cemetery and Crematorium Greenbank for the total consideration transferred of $1,503,000. The acquired business contributed revenues of $26,000 and profit after tax of $14,000 to the consolidated entity for the period from 19 June 2013 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of $863,000 and profit after tax of $465,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	143
Prepayments	3
Plant and equipment	316
Deferred tax asset	8
Employee benefits	(27)
Net assets acquired	443
Goodwill	1,060
Acquisition-date fair value of the total consideration transferred	1,503
Representing:	
Cash paid or payable to vendor	1,238
Deferred settlement	265
	1,503

	Consolidated	
	2013 $'000	**2012 $'000**
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,503	-
Less: deferred settlement	(265)	-
Net cash used	1,238	-

Note 39. Business combinations (continued)

Armidale Veterinary Hospital and Uralla Veterinary Clinic
On 25 June 2013 Greencross Limited acquired 100% of the business assets of Armidale Veterinary Hospital and Uralla Veterinary Clinic for the total consideration transferred of $673,000. The acquired business contributed revenues of $16,000 and profit after tax of $1,000 to the consolidated entity for the period 25 June 2013 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contribution would have been revenues of $1,178,000 and profit after tax of $98,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	130
Prepayments	2
Plant and equipment	90
Deferred tax asset	11
Employee benefits	(36)
Net assets acquired	197
Goodwill	476
Acquisition-date fair value of the total consideration transferred	673
Representing:	
Cash paid or payable to vendor	565
Deferred settlement	108
	673

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	673	-
Less: deferred settlement	(108)	-
Net cash used	565	-

Note 39. Business combinations (continued)

Summary of business combinations for the year ended 30 June 2012
The consolidated entity acquired the following subsidiary and businesses during the year to 30 June 2012:

- The Care Veterinary Group Pty Ltd – 51% controlling interest acquired on 1 July 2011 (including Care Vet South Toowoomba and Carevet Chandlers);
- Pets at the Vets North Ringwood – acquired on 15 July 2011;
- Mortdale Veterinary Hospital – acquired on 22 July 2011;
- The Wollongong Veterinary Hospital Group – 58% controlling interest acquired on 8 August 2011 (including Fairy Meadows, Wollongong, Woonona-Bulli and Warilla-Shell Cove);
- Livingstone Road Animal Hospital - acquired on 20 September 2011;
- Hurstbridge Veterinary Clinic and Hospital - acquired on 26 October 2011;
- Animal Clinic Morwell - acquired on 15 November 2011;
- Barolin Veterinary Hospital - acquired on 1 December 2011;
- Pakenham Animal Health - acquired on 6 December 2011;
- Maitland Veterinary Hospital and Rutherford Veterinary Clinic - acquired on 31 January 2012;
- Kelso Veterinary Clinic - acquired on 6 March 2012;
- Woofpurnay Veterinary Hospital - acquired on 25 May 2012; and
- South Tamworth Animal Hospital - acquired on 26 June 2012.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	2
Trade receivables	53
Inventories	983
Other current assets	66
Plant and equipment	1,896
Deferred tax asset	114
Trade payables	(631)
Provision for income tax	(12)
Employee benefits	(87)
Other provisions	(81)
Accrued expenses	(299)
Bank loans	(319)
Lease liability	(44)
Other liabilities	(21)
Net assets acquired	1,620
Goodwill	14,616
Acquisition-date fair value of the total consideration transferred	16,236
Representing:	
Cash paid or payable to vendor	15,080
Deferred settlement	1,156
	16,236

Note 39. Business combinations (continued)

	Consolidated 2013 $'000	2012 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	-	16,236
Less: cash and cash equivalents	-	(2)
Less: deferred settlement	-	(1,156)
Net cash used	-	15,078

Goodwill and deferred settlement have been reduced by $1,212,000. Refer to note 4 for further details.

In relation to the Maitland Veterinary Hospital acquisition, there is a deferred contingent consideration which is payable on 31 January 2015. The final deferred consideration payable will be calculated as one times EBIT for the year ended 30 June 2014.

In relation to the Pets at the Vets North Ringwood acquisition there is a deferred consideration of $187,000 which is payable on 14 July 2012.

In relation to the Livingstone Road Animal Hospital acquisition there is a deferred consideration of $225,000 which is payable on 20 September 2013.

In relation to the Animal Clinic Morwell acquisition there is a deferred consideration of $150,000 which is payable on 15 November 2013.

In relation to the Barolin Veterinary Hospital acquisition there is a deferred consideration of $282,000 which is payable in two $70,500 instalments on 1 December 2014 and 1 December 2015 and one $141,000 instalment on 1 December 2013.

In relation to the Pakenham Animal Health acquisition there is a deferred consideration of $232,000 which is payable in an instalment of $77,000 which is payable on 6 December 2012 and an instalment of $154,000 which is payable on 6 December 2013.

In relation to the Woofpurnay Veterinary Hospital acquisition there is a deferred consideration of $250,000 which is payable on 25 May 2015.

In relation to the South Tamworth Animal Hospital acquisition, there is a deferred contingent consideration which is payable on 26 June 2015. The final deferred consideration payable will be calculated as one times EBIT for the year ended 30 June 2014.

Deferred consideration for each acquisition was initially recorded at net fair value using a discount rate of 6.21%.

Note 40. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Equity holding 2013 %	Equity holding 2012 %
Greencross Operations Pty Ltd	Australia	100.00	100.00
Greencross NSW Pty Ltd	Australia	100.00	100.00
Greencross Townsville Pty Ltd	Australia	100.00	100.00
Seabeach Pty Ltd	Australia	100.00	100.00
Gorrie Veterinary Services Pty Ltd	Australia	100.00	100.00
Chermside Veterinary Hospital Pty Ltd	Australia	100.00	100.00
Veterinary Referral Services Pty Ltd	Australia	70.00	70.00
Pet Accident and Emergency Pty Ltd	Australia	90.00	51.00
Gold Coast Animal Referral & Emergency Pty Ltd	Australia	90.00	51.00
Animal Emergency Centre Woolloongabba Pty Ltd	Australia	100.00	100.00
Animal Emergency Centre Pty Ltd	Australia	75.31	75.31
Animal Emergency Centre (Frankston) Pty Ltd	Australia	75.31	75.31
Animal Emergency Centre Hallam Pty Ltd	Australia	75.31	75.31
Williamstown Veterinary Holdings Pty Ltd	Australia	100.00	100.00
Williamstown Veterinary Hospital Pty Ltd	Australia	100.00	100.00
Point Cook Animal Hospital Pty Ltd	Australia	100.00	100.00
Point Cook Unit Trust	Australia	100.00	100.00
Pets First Hoppers Crossing Pty Ltd	Australia	100.00	100.00
Anvet Werribee Pty Ltd	Australia	100.00	100.00
Greencross Vets Toowoomba Pty Ltd (formerly known as Care Veterinary Group Pty Ltd)	Australia	100.00	51.00
Greencross Vets Southcoast Pty. Ltd.	Australia	100.00	58.00
Vepa Labs Pty Ltd	Australia	100.00	100.00
Vetmax Pty Ltd	Australia	100.00	100.00
Animal Emergency Centre Toowoomba Pty. Ltd.	Australia	65.00	33.15
Animal Emergency Centre Central Coast Pty Ltd	Australia	65.25	65.25

Note 40. Subsidiaries (continued)

On 14 December 2012, the consolidated entity 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 $121,000. 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 $1,047,000. By increasing its holding from 51% to 100% in Greencross Vets Toowoomba Pty Ltd the consolidated entity indirectly increased its holding in Animal Emergency Centre Toowoomba Pty Ltd from 33.15% to 65%.

On 2 January 2013 and 5 February 2013, the consolidated entity acquired a further 39% of the issued shares of Pet Accident and Emergency Pty Ltd for a purchase consideration of $844,000. The carrying amount of the non-controlling interests in Greencross Vets Toowoomba Pty Ltd on the date of acquisition was $191,000. The effect of the changes in the ownership interest of Pet Accident and Emergency 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 $653,000.

On 30 January 2013, the consolidated entity acquired the remaining 42% of the issued shares of Greencross Vets Southcoast Pty Ltd. for a purchase consideration of $1,886,000. The carrying amount of the non-controlling interests in Greencross Vets Toowoomba Pty Ltd on the date of acquisition was $199,000. The effect of the changes in the ownership interest of Greencross Vets Southcoast 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 $1,687,000.

Note 41. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Greencross Limited
Greencross Operations Pty Ltd
Greencross NSW Pty Ltd

By entering into the deed on 12 April 2013, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Greencross Limited, they also represent the 'Extended Closed Group'.

Note 41. Deed of cross guarantee (continued)

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	**2013 $'000**	**2012 $'000**
Revenue	83,854	-
Consumables used	(21,861)	-
Employee benefits expense	(40,552)	-
Depreciation and amortisation expense	(1,407)	-
Occupancy costs	(7,674)	-
Acquisition costs	(756)	-
Other expenses	(4,634)	-
Finance costs	(2,457)	-
Profit before income tax expense	4,513	-
Income tax expense	(1,796)	-
Profit after income tax expense	2,717	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	2,717	-

Equity - retained profits	**2013 $'000**	**2012 $'000**
Retained profits at the beginning of the financial year	7,736	-
Profit after income tax expense	2,717	-
Retained profits at the end of the financial year	10,453	-

Note 41. Deed of cross guarantee (continued)

Statement of financial position	2013 $'000	2012 $'000
Current assets		
Cash and cash equivalents	7,001	-
Trade and other receivables	2,211	-
Inventories	3,171	-
Loans	3,129	-
Prepayments	275	-
Other	487	-
	16,274	-
Non-current assets		
Other financial assets	12,507	-
Property, plant and equipment	9,651	-
Intangibles	59,879	-
Deferred tax	1,481	-
Other	1,120	-
	84,638	-
Total assets	100,912	-
Current liabilities		
Trade and other payables	9,671	-
Borrowings	626	-
Income tax	955	-
Provisions	2,577	-
Other	526	-
	14,355	-
Non-current liabilities		
Payables	1,996	-
Borrowings	33,768	-
Provisions	473	-
	36,237	-
Total liabilities	50,592	-
Net assets	50,320	-
Equity		
Issued capital	39,867	-
Retained profits	10,453	-
Total equity	50,320	-

Note 42. Events after the reporting period

The consolidated entity acquired Glen Eira and Warringal Veterinary Hospitals on 23 July 2013 for a total consideration of $1,226,000 including a deferred contingent settlement amount of $339,000. The provisionally determined fair value of the net identifiable assets of the company at the date of acquisition was $94,000 and the purchased goodwill amounted to $1,079,000.

In relation to the Glen Eira and Warringal Veterinary Hospital acquisition, there is a deferred contingent consideration which is payable on 23 July 2015. The final deferred consideration payable will be calculated as one times EBIT for the year ended 30 June 2015. In recognising the deferred consideration at net fair value, a discount rate of 8.71% has been applied to the payment.

The consolidated entity acquired Tanilba Bay Veterinary Hospital on 30 July 2013 for a total consideration of $633,000 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 $71,000 and the purchased goodwill amounted to $555,000.

The consolidated entity acquired Pets Eternal Peace on 1 August 2013 for a total consideration of $616,000. The provisionally determined fair value of the net identifiable assets of the company at the date of acquisition was $353,000 and the purchased goodwill amounted to $263,000.

Apart from the dividend declared as disclosed in note 31, no other matter or circumstance has arisen since 30 June 2013 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.

Note 43. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2013 $'000	2012 $'000
Profit after income tax expense for the year	3,535	5,191
Adjustments for:		
Depreciation and amortisation	1,898	1,349
Write off of intangibles	61	-
Net loss on disposal of property, plant and equipment	119	-
Interest on deferred settlement	50	-
Options and shares issued	193	82
Movement in non-controlling interest on assets	-	39
Deferred settlements treated as remuneration	1,863	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(735)	(276)
Increase in inventories	(1,060)	(208)
Decrease/(increase) in deferred tax assets	(941)	121
Increase in accrued revenue	(47)	-
Decrease/(increase) in prepayments	48	(354)
Decrease/(increase) in other operating assets	(7)	657
Increase/(decrease) in trade and other payables	3,552	(350)
Increase in provision for income tax	230	137
Decrease in deferred tax liabilities	-	(288)
Increase in employee benefits	2,104	1,877
Increase in other operating liabilities	-	268
Net cash from operating activities	10,863	8,245

Note 44. Non-cash investing and financing activities

	Consolidated	
	2013 $'000	2012 $'000
Acquisition of plant and equipment by means of finance leases	1,480	90
Shares issued under dividend reinvestment plan	1,792	1,470
Shares issued in relation to acquisition of non-controlling interest	3,481	856
	6,753	2,416

Note 45. Earnings per share

	Consolidated	
	2013 $'000	2012 $'000
Profit after income tax	3,535	5,191
Non-controlling interest	(620)	(691)
Profit after income tax attributable to the owners of Greencross Limited	2,915	4,500

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	34,130,692	30,783,943
Adjustments for calculation of diluted earnings per share:		
Options	178,043	57,737
Weighted average number of ordinary shares used in calculating diluted earnings per share	34,308,735	30,841,680

	Cents	Cents
Basic earnings per share	8.54	14.62
Diluted earnings per share	8.50	14.59

Note 46. Share-based payments

Senior management option plan ('SMOP')

The SMOP is designed to reward strong performance by individuals within the consolidated entity. Options are issued under the SMOP in accordance with thresholds set out in plans and it provides certain employees (as determined by the Managing Director and Remuneration Committee) with the opportunity to acquire shares in the company, or rights to acquire shares in the company. The plan operates by granting an option to employees to purchase a prescribed number of shares at a pre-determined time in the future.

Each option is convertible to one ordinary share. The exercise price of the options, determined in accordance with the rules of the plan, is based on the weighted average price of the company’s shares traded during the 5 days preceding the date of offering the option.

No options were issued under this plan during the year (2012: nil).

Note 46. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2013

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10/07/08	10/07/13	$1.40	265,000	-	(170,000)	(20,000)	75,000
			265,000	-	(170,000)	(20,000)	75,000

2012

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10/07/08	10/07/13	$1.40	275,000	-	(10,000)	-	265,000
			275,000	-	(10,000)	-	265,000

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	**2013** Number	**2012** Number
10/07/08	10/07/13	75,000	265,000
Total exercisable		75,000	265,000

The weighted average share price during the financial year was $3.859 (2012: $1.794).

The weighted average remaining contractual life of options outstanding at the end of the financial year was nil years (2012: 1 years).

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 41 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Glen Richards
Managing Director

27 August 2013
Brisbane

Independent auditor's report to the members of Greencross Limited

Report on the financial report

We have audited the accompanying financial report of Greencross Limited (the company), which comprises the statement of financial position as at 30 June 2013, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Greencross Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report 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 made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Greencross Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 24 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Greencross Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers.

PricewaterhouseCoopers

Adam Thompson
Partner

Brisbane
27 August 2013

Greencross Limited
Shareholder information
30 June 2013

The shareholder information set out below was applicable as at 26 July 2013.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	694
1,001 to 5,000	852
5,001 to 10,000	264
10,001 to 100,000	238
100,001 and over	48
	2,096
Holding less than a marketable parcel	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,864,421	7.67
NATIONAL NOMINEES LIMITED	2,241,607	6.00
MR STUART BRUCE JAMES & MRS GILLIAN DOREEN JAMES <S B JAMES SUPER FUND A/C>	1,718,193	4.60
MR JOHN DAVID ODLUM & MRS ANN ODLUM <ODLUM SUPER FUND A/C>	1,610,000	4.31
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,213,377	3.25
MR JOHN DAVID ODLUM & MR KEITH EDWARD KNIGHT <KNIGHT ODLUM SUPER FUND A/C>	1,213,331	3.25
GREENCROSS PROPERTIES PTY LTD <GREENCROSS PROPERTIES A/C>	1,040,048	2.79
MR JOHN DAVID ODLUM & MRS ANN ODLUM <ODLUM FAMILY A/C>	980,000	2.63
GREENCROSS VETS PTY LTD <GREENCROSS UNIT A/C>	937,191	2.51
AUST EXECUTOR TRUSTEES SA LTD <TEA CUSTODIANS LIMITED>	832,480	2.23
DR GLEN FRANK RICHARDS & MRS LISA HELEN RICHARDS <RICHARDS SUPER FUND A/C>	686,042	1.84
DEBUSCEY PTY LTD	669,701	1.79
BYERA PTY LTD <KNIGHT FAMILY A/C>	600,000	1.61
BYERA PTY LTD <KEITH KNIGHT SUPER FUND A/C>	500,000	1.34
ASHBOURNE PARK PTY LTD <THE DARYL HOLMES S/FUND A/C>	488,409	1.31
MR GLEN FRANK RICHARDS	475,000	1.27
DANYO HOLDINGS PTY LTD <I A H RETIREMENT FUND A/C>	444,849	1.19
JBWERE (NZ) NOMINEES LIMITED <42139 A/C>	404,994	1.08
MR CRAIG GRAEME CHAPMAN	400,000	1.07
MRS CATHERINE JANE WARBURTON& MR EVAN WARBURTON	399,752	1.07
	19,719,395	52.81

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,864,421	7.67
NATIONAL NOMINEES LIMITED	2,241,607	6.00
JOHN DAVID ODLUM AND ASSOCIATED ENTITIES	4,174,748	11.18
GLEN FRANK RICHARDS AND ASSOCIATED ENTITIES	3,139,009	8.41
KEITH KNIGHT AND ASSOCIATED ENTITIES	2,313,331	6.20

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.