2014 ANNUAL REPORT

Greencross Limited

Passionate about Pets

ABN 58 119 778 862

Contents

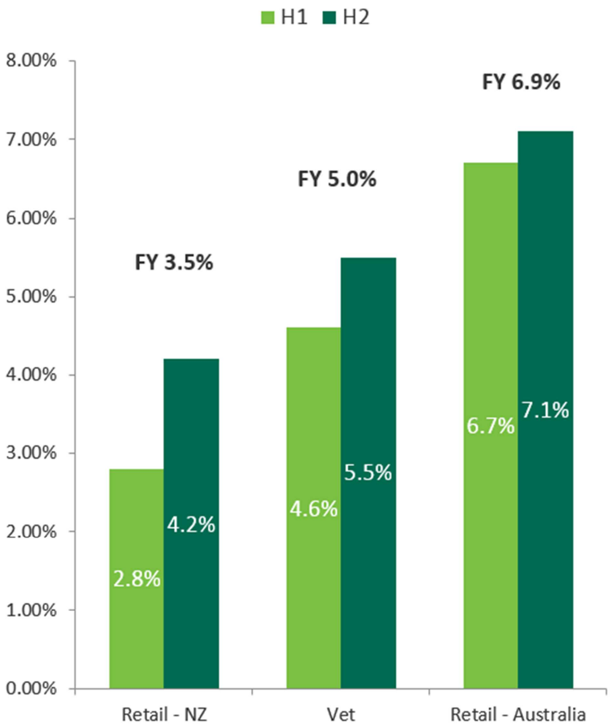
Directors	Stuart James - Chairman Jeffrey David - Chief Executive Officer Andrew Geddes Matthew Hobart Scott Gilbertson Dr Glen Richards Paul Wilson
Company secretary	Vincent Pollaers
Registered office	5/28 Balaclava Street Wooloongabba QLD 4102 Tel: (07) 3435 3535 Fax: (07) 3435 3536
Principal place of business	5/28 Balaclava Street Wooloongabba QLD 4102 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 Darling Park Tower 2 201 Sussex Street Sydney NSW 1171
Solicitors	Herbert Smith Freehills ANZ Tower 161 Castlereagh Street Sydney NSW 2000
Bankers	Commonwealth Bank of Australia 240 Queen Street Brisbane QLD 4000 National Australia Bank 255 George Street Sydney NSW 2000
Stock exchange listing	Greencross Limited shares are listed on the Australian Securities Exchange (ASX code: GXL)
Website	www.greencrosslimited.com.au

Greencross Limited
Performance and summary
30 June 2014

A record performance underpinned by strong Like-for-Like (LFL) sales growth

	FY2014 1	Change vs. FY2013 1
Pro Forma Sites	246	19%
Pro Forma Revenue	$445.5 million	23%
Pro Forma EBITDA 2	$54.3 million	32%
Pro Forma NPAT 2	$21.6 million	45%
Pro Forma EPS 2	24.0 cents	28%
Annual Dividend	12.5 cents	25%

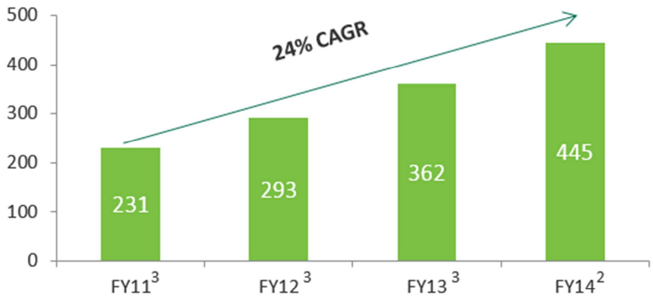
FY2014 LFL sales growth



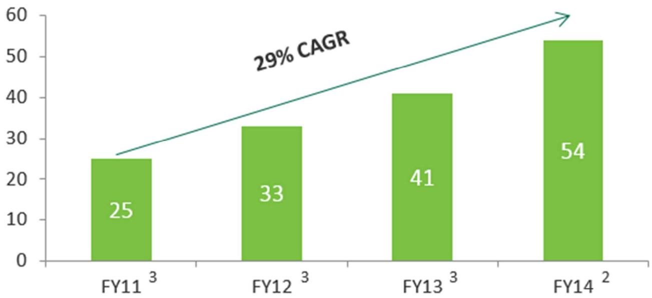
1. Pro Forma FY2014 assumes the merger with Mammoth was completed on 30 June 2013, excluding integration and transaction costs and one off items. Includes pro forma synergies. Excludes City Farmers which was acquired on 17 July 2014. Pro Forma FY2013 assumes the merger was completed on 30 June 2012, excluding one off items.
2. EBITDA – Earnings before interest, tax and depreciation and amortisation; NPAT – Net profit after tax; EPS – Earnings per share

Greencross has achieved 26% EPS1 CAGR1 since FY2011

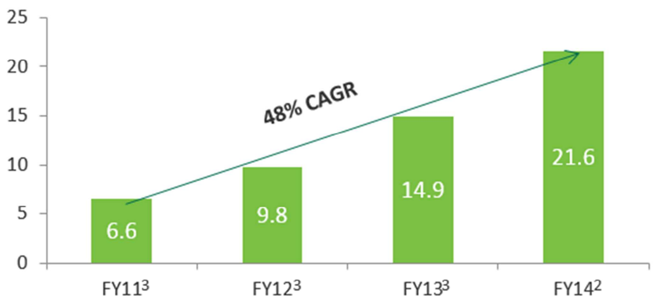
Pro Forma Revenue ($m)



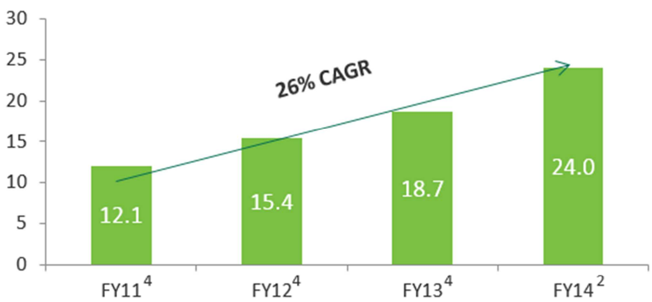
Pro Forma EBITDA ($m)



Pro Forma NPAT ($m)



Reported, underlying EPS (cents)



1. EPS – Earnings per share; CAGR Compound Annual Growth rate
2. Pro Forma assumes the merger with Mammoth was completed on 30 June 2010, excluding integration and transaction costs and one off items. Includes pro forma synergies only in FY2014 . Excludes City Farmers which was acquired on 17 July 2014.
3. As reported in Explanatory Memorandum dated 13 December 2013
4. As reported in Greencross Ltd Annual Report

Greencross Limited
Chairman and Chief Executive Officer's report
30 June 2014

Dear Shareholders,

On behalf of the board we are delighted to report on a year of substantial achievement for Greencross Limited. Fiscal 2014 saw your company extend its position in the Australasian pet care market, as it firmly established itself as Australasia's leading integrated consumer facing petcare company, joining the S&P/ASX 200 index along the way.

The Group

Following your agreement in January 2014 we completed the merger with Mammoth Pet Holdings Pty Limited. That action has delivered in line with our expectations. Then in June 2014 we announced the acquisition of City Farmers, extending our retail presence, particularly in Western Australia, which completed in July 2014. Again, this action is performing in line with our expectations.

The completion of these events means that the Greencross group has a unique, and exciting, opportunity to holistically serve pets and their families from our 298[1] locations across Australia and New Zealand. Our services include general, specialist and emergency veterinary support, pathology, crematorium, grooming, dog wash, training, retail, online and insurance support.

Financial Performance

A review of the Group's performance is included in the Operating and Financial Review set out on page 6 to 10. However in summary:

- like-for-like sales grew by +6%
- pro forma revenue grew by +23% to $445,519,000
- pro forma EBITDA[3] grew by +32% to $54,317,000
- pro forma NPAT[4] grew by +45% to $21,623,000
- reported pro forma EPS[5] grew by +28% to 24.0 cents
- full year dividend grew by +25% to 12.5 cents

This result, and the subsequent movement in the share price, delivered a total shareholder return ('TSR') of 100% underpinned by share price appreciation of 97% and the declaration of a fully franked full year dividend of 12.5c.

The presentation of our full year statutory results is impacted by the use of reverse acquisition accounting and the impairment of goodwill arising from the merger resulting in a statutory NPAT[4] loss of $127,775,000 which is fully explained in the annual report.

Looking forward

Greencross has the privilege to operate in a fast growing $7bn[2] market, of which we estimate Greencross accounts for only 7.5%. We believe we are extraordinarily well positioned to deliver accretive growth, in line with our historical performance, as we continue to serve the growing needs of the pets and their families of Australasia with an attractive, differentiated, integrated and scalable offering.

Fiscal 2015 will see another year of strong growth and development with the full integration of City Farmers, delivery of further merger synergies, strong like for like store and clinic sales growth and the pursuit of further acquisition opportunities and new store openings.

Our Team

We look forward to the future with great confidence and would like to extend a huge thanks to our team of over 3,000 pet loving staff and professionals for all their hard work and dedication in 2014 and without whom such wonderful results would not be possible.

Our Shareholders

Thank you for your encouragement and commitment. We were delighted with the support shown from our existing shareholders, 66% of who took up their rights in the June/July 2014 rights issue. We would also like to welcome new shareholders who joined the register this year as Greencross continued its growth journey and took its place in the ASX 200 on 18 July 2014.

[1] *298 sites as at 29 August 2014*
[2] *Derived from IBIS 2013 & 2014 reports plus management estimates*
[3] *Earnings before interest, tax, depreciation and amortisation*
[4] *Net profit after tax*
[5] *Earnings per share*

The Board

We would like to extend our great thanks and appreciation to Andrew Geddes and Glen Richards who served Greencross so well as Chairman and Managing Director until February of this year. Under their leadership the company delivered an outstanding return to shareholders, and we are mindful of this legacy as we lead the company through the next phase of its development. We are delighted that they both continue to serve Greencross.

Our thanks also go to John Odlum who served as a Greencross director until February 2014. As a founding director, John has provided unfailing support and wise counsel to the board as we have deliberated the opportunities before us. We wish John well as he embraces a well-earned retirement.

We look forward to reporting our progress to you in the year ahead.

Yours sincerely

Stuart James
Chairman

Jeffrey David
Chief Executive Officer

The directors present their report on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Greencross Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2014.

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:

Stuart James - Chairman (appointed as Chairman on 6 February 2014)
Jeffrey David - Chief Executive Officer (appointed on 6 February 2014)
Andrew Geddes (resigned as Chairman on 6 February 2014, appointed director on 6 February 2014)
Matthew Hobart (appointed director on 6 February 2014)
Scott Gilbertson (appointed director on 6 February 2014)
Dr John Odlum (resigned on 6 February 2014)
Dr Glen Richards
Paul Wilson (appointed on 6 February 2014)

Principal activities

During the year the principal continuing activities of the group consisted of provision of veterinary services and retail of related animal products from veterinary practice locations. The activities changed significantly during the year through the legal acquisition of Mammoth Pet Holdings Pty Limited and the group is now involved in the pet retail market through the operation of retail pet stores.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2014 $'000	2013 $'000
Final dividend for the year ended 30 June 2013 (2013: 30 June 2012) of 5 cents (2013: 4 cents) per ordinary share.	1,873	1,278
Interim dividend for the year ended 30 June 2014 (2013: 30 June 2013) of 5.5 cents (2013: 5 cents) per ordinary share.	4,994	1,849
	6,867	3,127

At the date of signing the financial report the directors have recommended the payment of a final fully franked dividend of 7.0 cents per share at a record date of 8 September 2014, which is expected to be paid on 29 September 2014.

The final dividend for the year ended 30 June 2014 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 10 days following the record date and will rank equally with all other shares.

$191,000 (2013: $nil) was paid to non-controlling interest in respect of their dividends in the underlying entities during the year ended 30 June 2014. There are no proposed dividends for minority interests as at signing date.

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $127,775,000 (30 June 2013: profit of $7,808,000).

Operating and financial review

The group's primary business is the provision of Petcare services and products to companion animals through its general practice, specialty and emergency veterinary clinics, retail outlets, grooming saloons and training facilities. At the end of 2014 this suite of services and products was provided through 246 outlets in New Zealand and Australia. This excludes the 42 stores acquired as part of the City Farmers acquisition in July 2014. The group has grown through acquisition and new site openings – in 2014 18 vet clinics were acquired and 21 stores were opened. This pattern will continue in 2015.

Locations

	2012 No.	2013 No.	2014 No.	2014 + City Farmers + Jul/Aug 2014 No
GP Vet Clinics	78	93	111	116
NZ Retail	20	21	25	25
AUS Retail	75	93	110	157
Total	173	207	246	298

The Australian petcare retailing markets and veterinary service market is estimated to be approximately $7bn* of which Greencross currently makes up an estimated 7.5% with mass market and supermarket making up the biggest share at an estimated +30%. This leaves a significant opportunity for further growth that we, the directors, believe Greencross is well positioned to pursue and achieve its long term aim of 20% market share.

Merger implementation
The merger of Greencross Limited ('Greencross') and Mammoth Pet Holdings Pty Limited ('Mammoth') was completed on 31 January 2014 and the achievement of cost synergies from the merger, including harmonisation of trading terms, are being delivered in line with plan. Good progress has also been made on delivering revenue synergies. Trials of enhanced product merchandising in vet clinics and the development of pilots of co-location of veterinary clinics into retail sites are progressing well. The group has also commenced cross brand promotions between veterinary and retail customers.

The integration of the 42 City Farmer stores acquired in July 2014 has also begun very positively. The program is on track and on time and we will report back progress during FY 2015.

Financial results
We are pleased to report that the company has performed in line with the statutory and pro forma forecasts presented in the Explanatory Memorandum (EM) presented to shareholders to explain the merger with Mammoth.

For statutory accounting purposes the merger of Mammoth and Greencross is treated as a reverse acquisition such that Mammoth is deemed the accounting acquirer of the consolidated group. These statutory consolidated financial statements therefore represent a continuation of the Mammoth financial statements. The consolidated statutory results reflect a full year of Mammoth results and its controlled entities plus Greencross from the date of acquisition, being 31 January 2014, to 30 June 2014. The comparative period results reflects Mammoth and its controlled entities only.

The steep share price appreciation between the merger discussion initiation and completion gave rise to a substantial increase in goodwill on the transaction. This goodwill has been subsequently tested for impairment and its write down has given rise to a one off non-cash impairment charge of $(130,000,000) in the year ended 30 June 2014.

On a statutory basis the group FY 2014 revenue grew by 41% to $368,931,000 and after a number of one off merger costs, including a $(130,000,000) impairment charge, reported net profit after tax ('NPAT') was a loss of $(127,775,000) compared to a profit of $7,808,000 in the prior period.

To help interpret the underlying performance of the group we also present a set of pro forma, underlying accounts, in the tables below. These exclude a number of significant one off items associated with the merger and subsequent City Farmers acquisition. They also account for Greencross Vet results, and merger synergies for a full 12 months i.e. as if the merger had occurred on 1 July 2013. This approach is consistent with that taken in the Explanatory Memorandum dated 13 December 2013. The pro forma figures are provided on an unaudited basis.

* *Derived from IBIS 2013 & 2014 reports plus management estimates*

Pro forma income statement

	Year ended 30 June 2014 $'000	Year ended 30 June 2013 $'000	Change %	Explanatory memorandum $'000
Revenue	445,519	362,000	23.1%	442,800
Gross profit	244,262	194,000	25.9%	244,300
Gross margin (%)	*54.8%*	*53.6%*		*55.2%*
Operating expenses	(189,945)	(152,800)		(190,000)
EBITDA	54,317	41,200	31.8%	54,300
EBITDA margin (%)	*12.2%*	*11.4%*		*12.3%*
Depreciation and amortisation	(11,765)	(9,200)		(12,000)
EBIT	42,552	32,000		42,300
Net interest expense	(9,220)	(9,251)		(9,500)
Profit before tax	33,332	22,749		32,800
Income tax expense	(9,931)	(6,451)		(9,851)
NPAT (pre outside equity interest)	23,401	16,298	43.6%	22,949
Outside equity interest	(1,778)	(1,398)		(1,449)
NPAT (post outside equity interest)	21,623	14,900	45.1%	21,500
EPS (cents)	24.0	18.7		23.8

	Weighted average shares No.	Revenue $'000	EBITDA $'000	NPAT attributable to shareholders $'000
Statutory	**67,052,122**	**368,931**	**27,828**	**(127,775)**
Impairment of goodwill arising from merger of Greencross and Mammoth	-	-	-	130,000
City Farmers acquisition expenses and one-off inventory range adjustment	-	-	6,043	4,842
Sub total	**67,052,122**	**368,931**	**33,871**	**7,067**
Annualisation impact on Greencross earnings and synergies as if merger was effected on 1 July 2013	23,204,965	76,588	13,301	7,707
One off acquisition costs from Mammoth/Greencross merger	-	-	5,653	4,173
One off LTIP alignment and Mammoth borrowing costs write off	-	-	1,492	2,676
Pro forma	**90,257,087**	**445,519**	**54,317**	**21,623**
Pro forma EPS (cents)	24.0			

Significant items and pro forma EBITDA
Significant items are items of income or expense which are, either individually or in aggregate, material to the consolidated entity and:

- Outside the ordinary course of business; or
- Part of the ordinary activities of the business but unusual due to their size and nature

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit adjusted for specific non-cash and significant items. Pro forma EBITDA is a non-statutory profit measure and represents profit from continuing items before finance costs, tax, depreciation and amortisation, impairments of assets, acquisition costs and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

On a pro forma basis revenue grew by 23% on the prior corresponding period to $445,519,000 driven by strong like-for-like sales growth, veterinary clinic acquisitions (18 acquired, 15 in prior comparison period (pcp)), new retail store openings (21 opened - 19 pcp). Like-for-like clinic and stores sales grew 6% overall , with Australian retail achieving 6.9% (7.1% in second half of the financial year (H2)), veterinary clinics 5% (5.5% in H2) and New Zealand Retail 3.5% (4.2% in H2). The strengthening second half like-for-like sales growth was encouraging against a weakening, post Federal budget weakening in consumer sentiment. Pro forma revenue was also ahead of the $442,800,000 forecast in the Explanatory Memorandum. Increases in consumption of advanced nutrition products and the developing maturity of our retail fleet continued to drive improved sales growth in retail and increasing Healthy Pets Plus ('HPP') membership in veterinary clinics continued to lift average spend per customer.

Underlying pro forma EBITDA of $54,317,000 was in line with the EM and +32% up on prior year driven by a 1.1% increase in gross margin % reflecting improved margins in retail arising from favourable in-store mix (including private label) and achievement of improved buying terms. The growth of Veterinary sales in the overall sales mix and early merger buying synergies also contributed to the improved GM% delivery growth.

The increase in pro forma depreciation and amortisation on prior year was driven by increased store and clinic openings. Interest costs were in line with prior year and EM.

Pro forma NPAT post minorities of $21,623,000 and resultant EPS of 24.0c were in line with the EM forecast.

Financial position
Cash flow from operations was $24,288,000 which is an increase of $15,938,000 over the prior year comparator reflecting the expansion of the group and its operating profit. Group capital expenditure of $29,376,000 reflected the expenditure on opening 21 new stores and investment in the group’s supply chain systems and capabilities.

The increase in reported intangibles to $288,066,000 reflects $219,308,000 arising on the merger of Greencross and Mammoth after the goodwill impairment of $(130,000,000) referred to above.

At the end of June Net Debt was $26,546,000. This includes $99,635,000 before issuance costs of cash arising from the equity issue (rights issue and placement) undertaken in late June in order to purchase City Farmers in July 2014. The underlying position and net debt were comfortably within the group’s combined facility limits and associated banking covenants.

Group strategy
As Australasia’s leading integrated consumer facing petcare company, the Group’s strategy is to grow and develop the reach of its portfolio of businesses, delighting its customers through a holistic provision of petcare solutions, products and services to the Australasian market with a long term goal of 20% market share in a sector growing at an estimated 5% per annum.

Key drivers of the strategy will be:
- deepened consumer engagement through holistic petcare offerings including optimised loyalty programs, cross promotions, extended range of services, and exclusive brands.
- further development of our complementary retail and services model providing clear differentiation for customers. This will include the co-location of retail and veterinary offerings.
- improved Operational efficiencies and return on investment ('ROI') across the group through spread of best practice, benchmarking and an enhanced control framework of systems and processes
- continued strong inorganic growth through acquisition and new to industry ('NTI') across all sub-segments of the petcare market.

Material business risks
The key risks that the group faces that have the potential to have a material impact on the performance of the consolidated entity and how they are managed are listed below. The group is committed to managing the potential risks it faces in a continuous and proactive manner.

- Expected industry trends

If overall economic conditions worsened, reducing consumer spending or if the level of pet ownership in Australasia declined this could have an adverse on Greencross’s growth prospects and financial performance.

- Acquisition integration risk

The combination of two businesses the size of Greencross and Mammoth carries inherent integration risk in terms of the cost and delivery of benefits in terms of expected synergies from the merger. The continued inorganic growth strategy also carries the risk that the forecast financial benefits from acquisitions are not delivered in accordance with acquisition plans. An experienced management team, thorough due diligence process, and specific project management resource used on larger integration plans helps to mitigate against this risk.

- Workplace relations risk

Greencross staff members operate under a modern award and are subject to the terms and conditions of the Fair Work Act. Staffing costs are the biggest single cost that Greencross incurs and any material adverse effect due to labour market forces may increase cost, reduce overall profitability and have an adverse impact on medium term performance.

- Identification and completion of acquisition opportunities

There are low barriers to entry in the market that Greencross is seeking to inorganically grow in via acquisition and new store openings. This give rises to the risk that an existing or new entrant could aggressively drive up the price or drive down the availability of growth opportunities, thus limiting the groups's ability to grow profitably. We believe that the scale of the market can mitigate against this risk in the medium term.

- Product sourcing

Greencross's products are sourced from a network of third parties. Loss or interruption to the business of a major supplier, including delays or failures in receiving orders may result in increased product sourcing costs for Greencross or a reduction in the available range in one or more stores, impacting sales, margin and growth.

- Loss of key management personnel and shortages of skilled personnel

The loss of key management personnel and/or skilled team members in an unplanned or unexpected manner could have a negative impact on the ability of the group to delivery on its growth plans with subsequent impact on financial results. Market attractive packages, including short term incentive plan (STIP) and long term incentive plan (LTIP) are offered to key personnel to encourage retention and attract new talent helps mitigate against this risk, as does succession planning.

Significant changes in the state of affairs

Reverse acquisition

Effective from 31 January 2014 (the acquisition date), the company merged with Mammoth pursuant to a scheme whereby the company acquired 100% of the capital of Mammoth in exchange for approximately 52.6 million shares in the company. For accounting purposes, the merger was treated as a reverse acquisition such that Mammoth is now the accounting acquirer of the consolidated group. The accompanying consolidated financial statements represent a continuation of the Mammoth financial statements.

The consolidated results reflect a full year of Mammoth Holdings Pty Limited and its controlled entities plus Greencross Limited from the date of acquisition, 31 January 2014, to 30 June 2014. The comparative period results reflect Mammoth Holdings Pty Limited and its controlled entities only.

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

On 1 July 2014, the consolidated entity acquired 100% of the share capital of Crown Street Veterinary Hospital Pty Ltd for the total consideration of $1,155,000. The fair value of tangible assets acquired were $74,000.

On 17 July 2014, the consolidated entity acquired 100% of the share capital of CF Group Holdings Pty Ltd ('City Farmers') for the total consideration of $205,000,000. At the date this annual report was authorised for issue the fair value of the assets and liabilities acquired has not been disclosed as a result of the proximity of reporting date to the acquisition date. In addition the acquisition is currently being investigated by the Australian Competition & Consumer Commission and as such has not been completed unconditionally.

Between 14 July and 17 July 2014 the consolidated entity completed a retail rights issue raising $20,403,000 in cash and issued a further $50,000,000 of scrip to the vendor to fund the purchase of City Farmers with a balance of $134,597,000 being funded from cash and debt.

On 29 July 2014, the consolidated entity acquired 100% of the share capital of Macedon Ranges Veterinary Clinic for the total consideration of $968,000. The fair value of tangible assets acquired were $224,000.

On 12 August 2014, the consolidated entity purchased 51% of the issued capital of Greencross Pet Friends Pty Limited for a total consideration of $842,000. At the date this annual report was authorised for issue the fair value of the assets and liabilities acquired as part of the business combination was incomplete. Therefore the value of goodwill and the fair value of the assets and liabilities acquired has not been disclosed.

On 19 August 2014, the consolidated entity purchased South Melbourne Veterinary Clinic for a total consideration of $630,000 including a deferred settlement of $40,000. At the date this annual report was authorised for issue the fair value of the assets and liabilities acquired as part of the business combination was incomplete. Therefore the value of goodwill and the fair value of the assets and liabilities acquired has not been disclosed.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2014 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 and retail stores. Directors and management will continue to pursue acquisitions and new retail store and veterinary clinic openings 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:	Stuart James
Title:	Non-Executive Director and Chairman (appointed on 6 February 2014)
Qualifications:	BA (Hons), MAICD, FAIM
Experience and expertise:	Stuart is an experienced executive within the financial and healthcare sectors. Following a 25 year career with Shell both in Australia and internationally, Stuart became Managing Director of Australian Financial Services for Colonial and Managing Director of Colonial State Bank (formerly the State Bank of N.S.W). Mr James' also held an executive role as CEO of the Mayne Group from January 2002 to January 2005. Prior to that Mr James was Mayne's Chief Operating Officer from July 2000 to January 2002. Stuart is the Chairperson of Prime Financial Group Ltd, Pulse Health Ltd and Affinity Education Group.
Other current directorships:	Prime Financial Group (ASX: PFG), Pulse Health Ltd (ASX: PHG), Affinity Education Group Limited (ASX: AFJ)
Former directorships (last 3 years):	Progen Pharmaceuticals Limited (ASX: PGL), Phosphagenics Limited (ASX: POH)
Special responsibilities:	Chairperson of the Remuneration Committee and member of the Audit, Compliance and Risk Management Committee
Interests in shares:	1,940,367 ordinary shares

Name:	Jeffrey David
Title:	Executive Director and Chief Executive Officer
Experience and expertise:	Jeffrey ('Jeff') became the CEO of Greencross Limited in February 2014, following its merger with Mammoth Pet Pty Limited. Jeff has worked within and led teams in the retail and logistics industries for more than 25 years in Australia, the United States and Asia. Jeff has served as a Senior Vice President of IGA, Inc., in the USA; the Managing Director of Davids Distribution Pty. Limited; the joint Managing Director of Davids Limited and the CEO of Davids Asia Pte Limited. In 1998 Jeff co-founded Shopfast Pty Limited, one of Australia's first online grocery retailers, sold to Coles in 2003. Jeff has been engaged in the Pet Industry since 2005 when he co-founded Mammoth Pet Pty Limited with the purchase of 10 Petbarn stores. Jeff has been involved with Greencross since June 2007, when he joined its board just ahead of its IPO. Jeff currently serves as a non-executive director of the Skin and Cancer Foundation Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	7,697,604 ordinary shares

Name:	Dr Glen Richards
Title:	Executive Director and Chief Veterinary Officer
Qualifications:	B.V.Sc.(Hons), M.Sc., F.A.I.C.D.
Experience and expertise:	Glen is a veterinary honours graduate from University of Queensland and completed a Post Graduate Research Masters at James Cook University researching production and reproduction parameters in Bos Indicus Cattle. 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 is the founding Managing Director of Greencross Limited. He was a cofounder and director of Mammoth Pet Holdings Pty Ltd (Petbarn and Animates) up until the time of merger. He is a past director of Lyppard Australia, one of Australia's leading Veterinary wholesalers. He established China's first western veterinary practice (Shanghai PAW) in 2001. He has been a Member of Australian Veterinary Association since 1988, with special interest groups in Small Animals and Practice Management.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	5,657,499 ordinary shares

Name:	Paul Wilson
Title:	Executive Director and Chief Commercial Officer (appointed on 6 February 2014)
Qualifications:	B.Bus, MBA, MAID
Experience and expertise:	Paul was a co-founder, director and shareholder of Mammoth Pet Holdings Pty Ltd prior to its acquision by Greencross Limited and served as its Managing Director from inception in 2005. Paul holds a Bachelor of Business and a Masters of Business Administration from the University of Southern Queensland. Prior to Mammoth, Paul was the Chief Operating Officer of ShopFast, Australia's largest online grocery retailer (sold to Coles in 2003). Paul has worked in the retail industry for 26 years. He was with Caltex Australia from 1987 to 1999, in a number of roles including, National Fuels Pricing and Planning Manager, Retail Sales Manager for convenience retailing (500 locations), and General Manager of Caltex/Boral JV, Vitalgas. In addition, Paul is a director of the Petbarn Foundation and is a Director of Animates New Zealand Holdings Pty Ltd.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	4,966,416 ordinary shares

Name:	Andrew Geddes
Title:	Non-Executive Director (from 6 February 2014) and Former Chairman
Qualifications:	B.Com, Dip. Fin. Mgt, M.Ec, FCPA, F.A.I.C.D.
Experience and expertise:	Andrew specialises in professional service firm management and development. This involvement led to his position as non-executive director with Count Financial Limited since its listing on ASX in 2001, a company offering financial services through a national network of accounting firms. He has conducted management development programs for veterinarians in Australia and has gained valuable insight into Australian veterinary businesses through 25 years of consulting work with them. Andrew was past Chairman of Greencross Limited and is currently the Chairman of the Audit Committee and a member of the Remuneration Committee.
Other current directorships:	None
Former directorships (last 3 years):	Count Financial Limited (COU) (delisted)
Special responsibilities:	Chairperson of the Audit, Compliance and Risk Management Committee and member of the Remuneration Committee
Interests in shares:	235,989 ordinary shares

Name:	Matthew Hobart
Title:	Non-Executive Director (appointed on 6 February 2014)
Qualifications:	B.A.(Hons)., M.B.A
Experience and expertise:	Matthew is Managing Director and Partner at TPG Growth, the middle market and growth equity business for TPG. Matthew holds a B.A. with Honours from Miami University and an M.B.A. from the Stanford University Graduate School of Business. Mr. Hobart previously co-founded and served as Managing Director of Vectis Group, a venture corporation that capitalised and built companies globally in partnership with leading US technology businesses. Prior to Vectis Group, Mr. Hobart made principal investments for Morgan Stanley Capital Partners and for Morgan Stanley Global Emerging Markets Private Investment Fund.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit, Compliance and Risk Management Committee
Interests in shares:	None

Name:	Scott Gilbertson
Title:	Non-Executive Director (appointed on 6 February 2014)
Qualifications:	B.A., M.B.A
Experience and expertise:	Scott is a Partner at TPG Growth where he leads the Operating group, responsible for driving shareholder value creation by contributing to the investment process and by actively engaging with portfolio companies to drive revenue growth, operational effectiveness, and profit enhancement. Scott holds a B.A. from Claremont McKenna College and an M.B.A. from the J.L. Kellogg Graduate School of Management. During his career, Scott has served in leadership roles across the consumer, retail and eCommerce industry including Vice President of Merchandising (Chief Merchant) at Under Armour Performance Apparel, Chief Operating Officer of J. Crew Group, President eCommerce of J. Crew Group, and CEO of Ludi executive positions within the TPG portfolio including Chief Operating Officer of Bally International, Chief Executive Officer of J. Crew Group and President and Chief Operating Officer of Fender Musical Instrument Corporation. Scott is currently on the boards of Fender Musical Instruments, The Vincraft Group, MarketTools and 3 Day Blinds. He is also an observer to the boards of Adknowledge and Become, Inc.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration Committee
Interests in shares:	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
Vincent Pollaers was appointed Chief Human Resources Officer, General Counsel and Company Secretary on 2 April 2014. Vincent joined Mammoth Pet Holdings Pty Limited in 2008. Prior to joining Mammoth he held positions as a weapons electrical engineering officer in the Royal Australian Navy, management consultant with Price Waterhouse in Hong Kong, corporate lawyer with Freshfields in London and Allens Arthur Robinson in Sydney, General Counsel, Company Secretary and Strategy Executive for IBM Australia / New Zealand, and Asia Pacific Managing Director for McKinney Rogers, a boutique strategy consultancy firm. Vincent is also an Honorary Fellow of the Faculty of Medicine at the University of Melbourne, Chairman of the Australian Twin Registry (a medical research enabling facility funded by the federal government), and a special advisor to the National Breast Cancer Foundation. Vincent holds both Bachelor of Science and Bachelor of Electrical Engineering degrees from the University of New South Wales, completed his Common Professional Examination and Law Society Final examination at the College of Law, London, and earned a Post Graduate Diploma in Counselling and Applied Psychotherapy at the Jansen Newman Institute.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2014, 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
Stuart James	11	11	-	-	2	2
Jeffrey David	11	11	-	-	2	2
Dr Glen Richards	11	11	-	-	-	-
Paul Wilson	5	5	-	-	-	-
Andrew Geddes	11	11	-	-	2	2
Matthew Hobart	5	5	-	-	1	1
Scott Gilbertson	5	5	-	-	-	-
Dr John Odlum	6	6	-	-	-	-

Held: represents the number of meetings held during the time the director of Greencross held office.

There were no meetings of the remuneration committee held during the financial year.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the executive and non-executive director and other key mangement personnel remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Details of the remuneration of the Directors and key management personnel (as defined in AASB 124 'Related Party Disclosures') of the consolidated entity are set out in the remuneration report. As explained in Note 2 Basis of Preparation to the Financial Statements, AASB 3 Business Combinations requires that consolidated financial statements prepared following a reverse acquisition shall be issued under the name of the legal parent entity (Greencross Limited) but be a continuation of the financial statements of the legal subsidiary or deemed acquirer for accounting purposes (Mammoth Pet Holdings Pty Limited).

The remuneration report is set out under the following main headings:
- Remuneration governance
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Remuneration governance
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; and
- transparency.

The Remuneration Committee is a committee of the board and it is responsible for making recommendations to the board on remuneration arrangements for the directors and executives, the remuneration framework, the operation of an incentive plan, and non-executive directors fees. 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. Their objective is to ensure that remuneration policies and structures are fair and competetive and aligned with the long term interests of the 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 policy and framework
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.

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 maximum annual aggregate directors’ fee pool limit is $750,000 and was approved by shareholders at the general meeting on 22 January 2014.

Key management personnel remuneration policy and framework
There are two main remuneration components for the key management personnel which are as follows:
- Fixed remuneration
- Short term performance bonus

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 Chief Executive Officer and his individual performance and relevant comparative compensation in the market. The Chief Executive Officer 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 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 Chief Executive Officer.

For the Chief Executive Officer, performance hurdles are linked to financial and non-financial measures. The Chief Executive Officer 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 12%.

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.

The Remuneration Committee assesses the Chief Executive Officer’s performance against his performance hurdles and makes recommendations to the Board for final determination. The Chief Executive Officer 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.

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.

Use of remuneration consultants
During the financial year ended 30 June 2014, the consolidated entity did not engage remuneration consultants to review its existing remuneration policies and provide recommendations.

Voting and comments made at the company's 2013 Annual General Meeting ('AGM')
At the last AGM 69.7% of the shareholders who voted, voted to adopt the remuneration report for the year ended 30 June 2013. The consolidated entity did not receive any specific feedback at the AGM regarding its remuneration practices.

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 remuneration disclosures for the key management personnel of the consolidated entity following the application of AASB 3 are as follows:
- The 2014 disclosures represents five months (the period from 1 February 2014 to 30 June 2014) of the consolidated entity and 12 months (the period from 1 July 2013 to 30 June 2014) of the key management personnel of Mammoth Holdings Pty Limited.
- The 2013 disclosures represents 12 months of the key management personnel of Mammoth Holdings Pty Limited.

The key management personnel of the consolidated entity consisted of the following non-executive and executive directors of Greencross Limited:
- Stuart James - Chairman - Non-Executive Director and Chairman (appointed on 6 February 2014)
- Jeffrey David - Chief Executive Officer
- Andrew Geddes - Non-Executive Director (from 6 February 2014)
- Matthew Hobart - Non-Executive Director (appointed on 6 February 2014)
- Scott Gilbertson - Non-Executive Director (appointed on 6 February 2014)
- Dr Glen Richards - Executive Director
- Paul Wilson - Executive Director (appointed on 6 February 2014)
- Dr John Odlum - Executive Director (resigned on 6 February 2014)

And other key management personnel:
- Martin Nicholas - Chief Financial Officer (appointed on 21 May 2014)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2014	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Stuart James	69,235	-	-	7,057	-	-	76,292
Andrew Geddes	45,767	-	-	4,233	-	-	50,000
Executive Directors:							
Jeffrey David	691,700	-	-	20,842	-	-	712,542
Dr Glen Richards	114,231	-	-	6,753	-	-	120,984
Paul Wilson	671,508	-	-	5,438	-	-	676,946
Other Key Management Personnel:							
Martin Nicholas	53,197	225,000	-	4,941	-	-	283,138
	1,645,638	225,000	-	49,264	-	-	1,919,902

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2013	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Executive Directors:							
Jeffrey David	800,000	-	-	-	-	-	800,000
Paul Wilson	800,000	-	-	-	-	-	800,000
Other Key Management Personnel:							
Retired and former key management personnel	1,021,850	80,000	-	71,441	-	124,873	1,298,164
	2,621,850	80,000	-	71,441	-	124,873	2,898,164

As a result of the merger that occurred during the year ended 30 June 2014 there was a change in the key management personnel for the consolidated entity. As a result the former key management personnel have been disclosed in aggregate in the table above in relation to the comparative year ended 30 June 2013.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2014	2013	2014	2013	2014	2013
Non-Executive Directors:						
Stuart James	100%	-%	-%	-%	-%	-%
Andrew Geddes	100%	-%	-%	-%	-%	-%
Executive Directors:						
Jeffrey David	100%	100%	-%	-%	-%	-%
Dr Glen Richards	100%	100%	-%	-%	-%	-%
Paul Wilson	100%	100%	-%	-%	-%	-%
Other Key Management Personnel:						
Martin Nicholas	100%	-%	-%	-%	-%	-%

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:	Jeffrey David
Title:	Chief Executive Officer
Agreement commenced:	6 February 2014
Term of agreement:	Ongoing
Details:	• Base salary, including superannuation of $575,000 • Termination by KMP - 3 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 - 3 months' written notice. • Compulsory superannuation guarantee contributions which increased from $17,775 to $18,783 from 1 July 2014, and does not receive any other retirement benefits. • Covenants that during the term of his employment and for up to 3 months after termination he will not be involved in any business which is materially competitive with the consolidated entity.

Name:	Dr Glen Richards
Title:	Executive Director
Agreement commenced:	1 July 2007
Term of agreement:	30 June 2015
Details:	• Base salary, including superannuation of $317,775 • 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 9.25% to 9.5% from 1 July 2014, 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.

Name:	Paul Wilson
Title:	Executive Director
Agreement commenced:	6 February 2014
Term of agreement:	Ongoing
Details:	• Base salary, including superannuation of $525,000 • Termination by KMP - 3 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 - 3 months' written notice. • Compulsory superannuation guarantee contributions which increased from $17,775 to $18,783 from 1 July 2014, and does not receive any other retirement benefits. • Covenants that during the term of his employment and for up to 3 months after termination he will not be involved in any business which is materially competitive with the consolidated entity.

Name:	Martin Nicholas
Title:	Chief Financial Officer
Agreement commenced:	15 May 2014
Term of agreement:	Ongoing
Details:	• Base salary, including superannuation of $450,000 • 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 - 6 months' written notice. Consolidated entity may elect to make payment in lieu of notice. • Compulsory superannuation guarantee contributions which increased from $17,775 to $18,783 from 1 July 2014, and does not receive any other retirement benefits. • Covenants that during the term of his employment and for up to 6 months after termination he will not be involved in any business which is materially competitive with the consolidated entity.

All senior 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 9.25% to 9.5% from 1 July 2014, and do not receive any other retirement benefits.

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

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Performance rights
There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2014.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Additional disclosures relating to key management personnel
In accordance with Class Order 14/632 issued by the Australia Securities and Investments Commission relating to 'Key management personnel equity instrument disclosures', the following disclosure relate only to equity instruments in the company or its subsidiaries.

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:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Stuart James	1,718,193	-	222,174	-	1,940,367
Jeffrey David *	25,689	-	7,671,915	-	7,697,604
Dr Glen Richards **	3,139,009	-	2,818,490	(300,000)	5,657,499
Paul Wilson ***	23,000	-	4,943,416	-	4,966,416
Andrew Geddes	232,358	-	3,631	-	235,989
Dr John Odlum ****	4,244,593	-	151,483	(4,396,076)	-
	9,382,842	-	15,811,109	(4,696,076)	20,497,875

* 7,190,596 of the additions shares were issued on acquisition of Mammoth Pet Holdings Pty Limited.
** The 2,818,490 additions shares were issued on acquisition of Mammoth Pet Holdings Pty Limited.
*** 4,640,015 of the additions shares were issued on acquisition of Mammoth Pet Holdings Pty Limited.
**** Disposals/other relate to no longer being a key management personnel, not necessarily a disposal of holding.

Matthew Hobart and Scott Gilbertson are representatives of TPG & Associates which hold 21,270,749 shares.

Performance rights holding
The number of performance rights over ordinary shares in the company 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:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Dr Glen Richards	1,646	-	(1,646)	-	-
	1,646	-	(1,646)	-	-

This concludes the remuneration report, which has been audited.

Shares under performance rights

There were no unissued ordinary shares of Greencross Limited under performance rights outstanding at the date of this report.

Shares issued on the exercise of performance rights

The following ordinary shares of Greencross Limited were issued during the year ended 30 June 2014 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
10 August 2011	$0.00	33,700
22 June 2012	$0.00	24,945
16 August 2013	$0.00	2,750
		61,395

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 end of 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 continues 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

Jeffrey David
Director

29 August 2014
Sydney

Auditor's Independence Declaration

As lead auditor for the audit of Greencross Limited for the year ended 30 June 2014, 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

Sydney
29 August 2014

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The Board of Directors ('Board') of Greencross Limited ('company') is responsible for achieving and demonstrating the highest standard of the governance of the company and its controlled entities ('consolidated entity' or 'group').

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 2014 year are outlined below:

The Board of the consolidated entity are in the process of finalising a revised corporate governance statement given the recent changes to the consolidated entity and its directors. Once finalised the new corporate governance statement will be available on the company's website.

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 Chief Executive Officer 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 Chief Executive Officer. This authority is broad ranging and may be sub-delegated. Delegations are subject to strict limits. The Chief Executive Officer'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 Chief Executive Officer 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 Chief Executive Officer are to be held by two separate individuals. The Chairman is to be an independent non-executive director and the Chief Executive Officer 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 was Andrew Geddes until 6 February 2014 at which point he resigned and was appointed as a non-executive director. Stuart James was appointed as the consolidated entity's Chairman on 6 February 2014. Stuart is an experienced executive within the financial and healthcare sectors. 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.

Stuart James' 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 judgment to Board deliberations. An independent director must be independent of management and able to exercise unfettered and independent judgment, 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 Stuart James and Andrew Geddes 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 Chief Executive Officer, 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, Chief Executive Officers 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:

- Andrew Geddes - Independent Non-Executive – (Chairperson);
- Matthew Hobart – 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:

- Chief Executive Officer;
- 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 quality 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
- Scott Gilbertson – Non-Executive director.

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 Chief Executive Officer 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 Chief Executive Officer 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:

	2014 Actual		2013 Actual	
	No.	%	No.	%
Number of women employees in the whole organisation	1,783	76	1,009	84
Number of women in senior executive[1] positions	2	13	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 Chief Executive Officer.

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 2013 to 31 March 2014.

Greencross Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue	5	368,931	260,979
Other income	6	1,514	538
Expenses			
Cost of sales of goods		(189,146)	(143,517)
Employee benefits expense		(81,015)	(44,924)
Depreciation and amortisation expense	7	(10,070)	(7,465)
Marketing costs		(6,426)	(5,335)
Occupancy costs		(39,556)	(27,518)
Administration costs		(18,299)	(12,590)
Impairment of assets	15	(130,000)	-
Acquisition costs		(8,046)	(432)
Other expenses	7	-	(1,177)
Finance costs	7	(9,816)	(6,863)
Profit/(loss) before income tax expense		(121,929)	11,696
Income tax expense	8	(4,351)	(3,148)
Profit/(loss) after income tax expense for the year		(126,280)	8,548
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		(209)	278
Foreign currency translation		(113)	(166)
Other comprehensive income for the year, net of tax		(322)	112
Total comprehensive income for the year		(126,602)	8,660
Profit/(loss) for the year is attributable to:			
Non-controlling interest		1,495	740
Owners of Greencross Limited	28	(127,775)	7,808
		(126,280)	8,548
Total comprehensive income for the year is attributable to:			
Non-controlling interest		1,495	740
Owners of Greencross Limited		(128,097)	7,920
		(126,602)	8,660
		Cents	**Cents**
Basic earnings per share	45	(190.56)	15.47
Diluted earnings per share	45	(190.56)	14.85

As set out in note 2, basis of preparation, to these financial statements, as a result of the reverse acquisition of Greencross Limited and its controlled entities ('Greencross') by Mammoth Pet Holdings Pty Limited and its controlled entities ('Mammoth'), the comparative information for 30 June 2013 represents results for Mammoth only for the period from 1 July 2012 to 30 June 2013. The statement of profit or loss and other comprehensive income for the year ended 30 June 2014 represents the results of Mammoth for the period from 1 July 2013 to 30 June 2014 and the results of Greencross for the period 1 February 2014 to 30 June 2014.

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 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Assets			
Current assets			
Cash and cash equivalents	9	120,651	8,349
Trade and other receivables	10	6,818	4,588
Inventories	11	45,908	35,424
Other	12	1,690	468
Total current assets		175,067	48,829
Non-current assets			
Other financial assets	13	157	-
Property, plant and equipment	14	89,909	56,467
Intangibles	15	288,066	54,755
Deferred tax	16	9,865	3,725
Total non-current assets		387,997	114,947
Total assets		563,064	163,776
Liabilities			
Current liabilities			
Trade and other payables	17	64,644	24,436
Borrowings	18	2,165	8,016
Derivative financial instruments	19	-	4
Current tax liabilities	20	883	1,969
Provisions	21	15,263	8,996
Total current liabilities		82,955	43,421
Non-current liabilities			
Borrowings	22	145,032	74,101
Derivative financial instruments	23	2,196	1,893
Deferred tax	24	723	-
Provisions	25	10,457	5,797
Total non-current liabilities		158,408	81,791
Total liabilities		241,363	125,212
Net assets		321,701	38,564
Equity			
Contributed equity	26	433,245	19,870
Reserves	27	310	(734)
Retained profits/(accumulated losses)	28	(116,115)	16,654
Equity attributable to the owners of Greencross Limited		317,440	35,790
Non-controlling interest	29	4,261	2,774
Total equity		321,701	38,564

As set out in note 2, basis of preparation, to these financial statements, as a result of the reverse acquisition of Greencross Limited and its controlled entities ('Greencross') by Mammoth Pet Holdings Pty Limited and its controlled entities ('Mammoth'), the comparative information for 30 June 2013 represents that of Mammoth as at 30 June 2013. The statement of financial position as at 30 June 2014 represents that of the consolidated entity which consolidates Mammoth and Greencross as at that date.

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 2014

Consolidated	Contributed equity $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2012	19,870	(1,447)	8,846	2,034	29,303
Profit after income tax expense for the year	-	-	7,808	740	8,548
Other comprehensive income for the year, net of tax	-	112	-	-	112
Total comprehensive income for the year	-	112	7,808	740	8,660
Transactions with owners in their capacity as owners:					
Share-based payments (note 46)	-	601	-	-	601
Balance at 30 June 2013	19,870	(734)	16,654	2,774	38,564

Consolidated	Contributed equity $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2013	19,870	(734)	16,654	2,774	38,564
Profit/(loss) after income tax expense for the year	-	-	(127,775)	1,495	(126,280)
Other comprehensive income for the year, net of tax	-	(322)	-	-	(322)
Total comprehensive income for the year	-	(322)	(127,775)	1,495	(126,602)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 26)	413,375	-	-	-	413,375
Share-based payment expense	-	1,366	-	-	1,366
Additional non-controlling interests arising on the acquisition of Greencross Limited (note 39)	-	-	-	183	183
Dividends paid (note 30)	-	-	(4,994)	(191)	(5,185)
Balance at 30 June 2014	433,245	310	(116,115)	4,261	321,701

As set out in note 2, basis of preparation, to these financial statements, as a result of the reverse acquisition of Greencross Limited and its controlled entities ('Greencross') by Mammoth Pet Holdings Pty Limited and its controlled entities ('Mammoth'), the comparative information for 30 June 2013 represents the changes in equity of Mammoth only for the period from 1 July 2012 to 30 June 2013. The statement of changes in equity for the period 1 July 2013 to 30 June 2014 comprises the equity balances of Mammoth at 1 July 2013, the profit for the year and transactions with equity holders of Mammoth including the impact of the reverse acquisition, and the equity balances of the consolidated group comprising Mammoth and Greencross at 30 June 2014.

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 2014

	Note	Consolidated 2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		413,769	283,910
Payments to suppliers and employees (inclusive of GST)		(372,557)	(265,340)
		41,212	18,570
Interest received		129	189
Interest and other finance costs paid		(4,468)	(6,605)
Acquisition costs		(5,825)	-
Income taxes paid		(6,760)	(3,804)
Net cash from operating activities	43	24,288	8,350
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	39	(4,784)	-
Payments for property, plant and equipment		(26,852)	(24,330)
Payments for intangibles		(3,160)	-
Proceeds from sale of property, plant and equipment		636	111
Net cash used in investing activities		(34,160)	(24,219)
Cash flows from financing activities			
Proceeds from issue of shares	26	105,383	-
Share issue transaction costs		(2,342)	-
Proceeds from borrowings		164,555	18,009
Refinance costs		(4,896)	-
Repayment of finance leases		(742)	-
Repayment of borrowings		(134,599)	(4,222)
Dividends paid	30	(5,185)	-
Net cash from financing activities		122,174	13,787
Net increase/(decrease) in cash and cash equivalents		112,302	(2,082)
Cash and cash equivalents at the beginning of the financial year		8,349	10,431
Cash and cash equivalents at the end of the financial year	9	120,651	8,349

As set out in note 2, basis of preparation, to these financial statements, as a result of the reverse acquisition of Greencross Limited and its controlled entities ('Greencross') by Mammoth Pet Holdings Pty Limited and its controlled entities ('Mammoth'), the comparative information for 30 June 2013 represents the cash flows of Mammoth only for the period from 1 July 2012 to 30 June 2013. The statement of cash flows for the period 1 July 2013 to 30 June 2014 comprises the cash balance of Mammoth at 1 July 2013, the cash flows of Mammoth for the period from 1 July 2013 to 30 June 2014, the cash flows of Greencross for the period from 1 February 2014 to 30 June 2014 acquisition and the cash balance of the consolidated entity comprising Mammoth and Greencross at 30 June 2014.

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

Note 1. General information

The financial statements cover Greencross Limited as a consolidated entity consisting of Greencross Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Greencross Limited's functional and presentation currency.

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 statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2014. The directors have the power to amend and reissue the financial statements.

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 new or revised Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns 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 that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has 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.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. 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'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

Note 2. Significant accounting policies (continued)

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
The consolidated entity has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 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.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments
The consolidated entity has applied AASB 2012-10 amendments from 1 January 2013, which amends 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.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). 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.

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').

Note 2. Significant accounting policies (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss,certain classes of property, plant and equipment and derivative financial instruments.

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.

Reverse acquisition
Greencross Limited completed the legal acquisition of Mammoth Pet Holdings Pty Limited on 31 January 2014.

Mammoth Pet Holdings Pty Limited and its controlled entities will be referred to in these financial statements as Mammoth. Greencross Limited and its controlled entities prior to the acquisition is referred to as Greencross, and the combined group post the acquisition is referred to as the consolidated entity.

Under the terms of AASB 3 Business Combinations, Mammoth is deemed to be the accounting acquirer in the business combination. This transaction has therefore been accounted for as a reverse acquisition under AASB3. Accordingly, the consolidated financial statements of Greencross have been prepared as a continuation of the consolidated financial statements of Mammoth. Mammoth as the deemed acquirer, has accounted for the acquisition of Greencross at 31 January 2014. The comparative information from 1 July 2012 to 30 June 2013 presented in the consolidated financial statements is that of Mammoth, unless otherwise stated. Refer to note 39 for further details of the business combination.

The implications for the application of AASB 3 on the financial statements is as follows:

Statement of profit and loss and comprehensive income
- The 2014 statement of profit and loss and comprehensive income comprises 12 months of Mammoth’s results and the results of Greencross for the period from the acquisition date to the financial year end being 1 February 2014 to 30 June 2014.
- The 2013 statement of profit and loss and comprehensive income comprises 12 months of Mammoth’s results.

Statement of financial position
- The 2014 statement of financial position represents that of the consolidated entity, Greencross as at 30 June 2014, which consolidates the Mammoth and Greencross statement of financial position as at that date.
- The 2013 statement of financial position represents Mammoth as at 30 June 2013.

Statement of changes in equity
- The 2014 statement of changes in equity comprises the opening equity balances of Mammoth as at 1 July 2013, the profit for the year and transactions with equity holders being 12 months of Mammoth and 5 months of Greencross including the impact of the reverse acquisition on the equity balances and the closing equity balances of the consolidated entity as at the end of the period being 30 June 2014.
- The 2013 statement of changes in equity comprises 12 months of Mammoth.

Statement of cash flows
- The 2014 statement of cash flows comprises the opening cash balance of Mammoth as at 1 July 2013, the transactions for the year being 12 months of Mammoth and 5 months of Greencross including the impact of the reverse acquisition on the cash balance
- The 2013 statement of cash flows comprises 12 months of Mammoth.

Note 2. Significant accounting policies (continued)

Parent entity information
The financial information for the Parent Entity, Greencross Limited, disclosed in note 37 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are accounted for at cost in the financial statements of the company. Dividends received from associates are recognised in the Parent Entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation
Greencross and its wholly owned Australian controlled entities that were owned prior to the reverse acquisition by Mammoth, have implemented the tax consolidation legislation.

Greencross and its controlled entities (prior to 31 January 2014) in the tax consolidated group accounted for their own current and deferred tax amounts. These tax amounts were measured as if each entity in the tax consolidated group (prior to 31 January 2014) continued to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, the company 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 prior to 31 January in the tax consolidated group.

The entities prior to 31 January 2014 entered into a tax funding agreement under which the wholly owned entities of Greencross prior to 31 January 2014 fully compensate Greencross for any current tax payable assumed and are compensated by Greencross for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Greencross under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from Greencross, which was issued as soon as practicable after the end of each financial year. Greencross may also have required payment of interim funding amounts to assist with its obligations to pay tax instalments. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the tax consolidated group.

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 39.

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 2014 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'. As set out previously, the reverse acquisition basis of accounting has been applied following the Mammoth merger.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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. 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.

Note 2. Significant accounting policies (continued)

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.

Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Greencross Limited's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Group companies
The results and balance sheet of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Note 2. Significant accounting policies (continued)

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
The consolidated entity operates a chain of retail stores and veterinary clinics selling pet speciality goods. Revenue from the sale of goods is recognised when the consolidated entity sells a product to the customer. Retail sales are usually by credit card or in cash.

It is the consolidated entity's policy to sell its products to the end customer with a right of return within 28 days. Accumulated experience is used to estimate and provide for such returns at the time of sale.

The consolidated entity operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the award points are recognised at their fair value.

Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed. Award points expire 12 months after the initial sale.

Rendering of services
Revenue from pet grooming and veterinary services is recognised in the accounting period in which the services are provided.

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.

Dividends
Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

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 interests in subsidiaries, associates or 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.

Note 2. Significant accounting policies (continued)

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 entities which intend to settle simultaneously.

Greencross Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' 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 each subsidiary 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.

The implication of the reverse acquisition on the tax consolidated groups is as follows:
- The consolidated entity (Greencross and Mammoth tax consolidated groups) formed a tax consolidated group on 1 February 2014. These entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the 30 June 2014 consolidated financial statements.
- Greencross Limited and its wholly owned Australian controlled entities comprised a tax consolidated group prior to 31 January 2014. These entities were taxed as a single entity and the deferred tax assets and liabilities of these entities have been incorporated into the acquisition accounting refer note 39 for further details of the business combination.
- Mammoth Pet Holdings Pty Limited and its wholly owned Australian controlled entities comprised a tax consolidated group prior to 31 January 2014. These entities were taxes as a single entity and deferred tax assets and liabilities are set off in the consolidated financial statements.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

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.

Note 2. Significant accounting policies (continued)

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

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. 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.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

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:

Leasehold improvements	10-15 years
Plant and equipment	4-10 years
Motor vehicles	8 years
Office equipment	5 years

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

Note 2. Significant accounting policies (continued)

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.

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.

Brand names and customer relationships

Brand and customer relationships acquired in a business combination are amortised on a straight line basis over the period of their expected benefit being their finite useful life of 10 years for brand names and 7 years for customer relationships.

Note 2. Significant accounting policies (continued)

Internally-generated
An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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.

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 of disposal 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.

Note 2. Significant accounting policies (continued)

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
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Transaction costs relating to the setup of banking facilities, including facility fees and associated costs have been capitalised. These transaction costs have been offset against the facility in note 18 and are being expensed over the period of the loan.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service 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.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. 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.

Note 2. Significant accounting policies (continued)

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. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Binomial 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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Binomial option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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.

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.

Note 2. Significant accounting policies (continued)

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.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Reverse acquisition
A reverse acquisition occurs when the acquirer is the entity whose equity interests have been acquired and the issuing entity is the acquiree. Although legally the issuing entity is regarded as the parent and the private entity is regarded as the subsidiary, the legal subsidiary is the acquirer if it has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

In a reverse acquisition, the cost of the business combination is deemed to have been incurred by the legal subsidiary in the form of equity instruments issued to the owners of the legal parent. The published price of the equity instruments of the acquirer is used to determine the cost of the combination, and a calculation shall be made to determine the number of equity instruments the acquirer would have to issue to provide the same percentage ownership interest of the combined entity to the owners/shareholders of the acquirer as they have in the combined entity as a result of the reverse acquisition. The fair value of the number of equity instruments so calculated shall be used as the cost of the combination.

On 31 January 2014, Greencross acquired 100% of the issued shares of Mammoth. Under the principles of AASB 3 Business Combinations, Mammoth is the accounting acquirer in the business combination and therefore, the transaction has been accounted for as a reverse acquisition.

Refer to the basis of preparation for details of the impact of the reverse acquisition on each of the primary statements from the date of acquisition.

Refer to note 39 for further details of the business combinations effected during the current financial year.

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.

Note 2. Significant accounting policies (continued)

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 2014. 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.

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (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. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2018 but the impact of its adoption is yet to be assessed by 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.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
These 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 these amendments from 1 January 2014 may increase the disclosures by the consolidated entity.

Note 2. Significant accounting policies (continued)

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 January 2014 will not have a material impact on the consolidated entity.

AASB 2014-1 Amendments to Australian Accounting Standards
These amendments are in several parts. Part A makes various amendments to Australian Accounting Standards arising from the issuance of IASB's 'Annual Improvements to IFRSs 2010-2012 Cycle' and 'Annual Improvements to IFRSs 2011-2013 Cycle'. Part B makes amendments to AASB 119 'Employee in relation to the requirements for contributions from employees or third parties that are linked to service which arise from the issuance of IASB's 'Defined Benefit Plans – Employee Contributions (Amendments to IAS 19)'. Part C makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 'Materiality'. Part D makes consequential amendments arising from the issuance of AASB 14 'Regulatory Deferral Accounts'. Part E makes consequential amendments to numerous other Standards as a consequence of the introduction of hedge accounting requirements into AASB 9 'Financial Instruments' in December 2013. Amendments Part A to D are applicable to annual reporting periods beginning on or after 1 July 2014 or as specified in each Part. Amendments Part E are applicable to annual reporting periods beginning on or after 1 January 2015 or as specified in Part E.

Annual Improvements to IFRSs 2010-2012 Cycle
These amendments affect several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle
These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments will not have a material impact on the consolidated entity.

Note 2. Significant accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers
This standard is expected to be applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by 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.

Goodwill and other indefinite life intangible assets (note 15)
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.

Allocation of acquisition goodwill to cash generating units ("CGUs") (Notes 15 and 39)
The allocation of goodwill created as a result of a business combination is a significant judgement which is, in part, impacted by the identification of synergies expected to be realised as a result of a business combination and allocating those synergies to the cash generating units which are expected to benefit from the synergies. The allocation of goodwill impacts the carrying value of CGUs and the associated assessment of impairment in connection with those CGUs. In 2014, the most significant judgements in respect of goodwill allocation related to the acquisition of Greencross.

Business combinations (note 39)
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.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity's Chief Executive Officer and Chief Financial Officer examined the group's performance from both a product and geographical perspective and have identified two reportable segments of its business, being retail and veterinary. These operating segments are 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 underlying 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.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

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

Types of products and services
The principal products and services of each of these operating segments are as follows:

Retail	Sale of specialty pet care products and services in Australia and New Zealand
Veterinary	Provision of veterinary services in Australia

Operating segment information

Consolidated - 2014	Retail $'000	Veterinary $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue				
Revenue from external customers	313,845	54,957	-	368,802
Other revenue	129	-	-	129
Total revenue	313,974	54,957	-	368,931
EBITDA	23,956	3,872	-	27,828
Depreciation and amortisation	(8,953)	(1,117)	-	(10,070)
Impairment of goodwill	-	-	(130,000)	(130,000)
Interest revenue	-	-	129	129
Finance costs	-	-	(9,816)	(9,816)
Profit/(loss) before income tax expense	15,003	2,755	(139,687)	(121,929)
Income tax expense				(4,351)
Loss after income tax expense				(126,280)
Assets				
Segment assets	196,535	236,013	-	432,548
Unallocated assets:				
Cash and cash equivalents				120,651
Deferred tax asset				9,865
Total assets				563,064
Total assets includes:				
Acquisition of non-current assets	23,752	20,151	-	43,903
Liabilities				
Segment liabilities	59,158	34,285	-	93,443
Unallocated liabilities:				
Borrowings				147,197
Deferred tax liability				723
Total liabilities				241,363

Note 4. Operating segments (continued)

Consolidated - 2013	Retail $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue			
Revenue from external customers	260,791	-	260,791
Other revenue	188	-	188
Total revenue	260,979	-	260,979
EBITDA	25,836	-	25,836
Depreciation and amortisation	(7,465)	-	(7,465)
Interest revenue	188	-	188
Finance costs	(6,863)	-	(6,863)
Profit before income tax expense	11,696	-	11,696
Income tax expense			(3,148)
Profit after income tax expense			8,548
Assets			
Segment assets	151,702	-	151,702
Unallocated assets:			
Cash and cash equivalents			8,349
Deferred tax asset			3,725
Total assets			163,776
Liabilities			
Segment liabilities	125,212	-	125,212
Total liabilities			125,212

Geographical information

	Revenue from external customers		Geographical non-current assets	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Australia	312,881	215,928	371,747	97,462
New Zealand	55,921	44,863	16,249	13,760
	368,802	260,791	387,996	111,222

The geographical non-current assets above are exclusive of, where applicable, financial instruments and deferred tax assets.

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
Profit/(loss) for the year	(126,280)	8,548
Less: Interest received	(129)	(188)
Add: Interest expense	9,816	6,863
Add: Income tax expense	4,351	3,148
Add: Depreciation and amortisation expense	10,070	7,465
Add: Impairment of goodwill	130,000	-
EBITDA	27,828	25,836

Note 5. Revenue

	Consolidated 2014 $'000	2013 $'000
Sales revenue		
Sale of goods	327,225	257,933
Rendering of services	41,577	2,858
	368,802	260,791
Other revenue		
Interest	129	188
Revenue	368,931	260,979

Note 6. Other income

	Consolidated 2014 $'000	2013 $'000
Other income	1,514	538

Note 7. Expenses

	Consolidated 2014 $'000	Consolidated 2013 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	2,597	1,830
Plant and equipment	7,124	5,114
Motor vehicles	164	140
Office equipment	185	381
Total depreciation	10,070	7,465
Impairment		
Goodwill	130,000	-
Finance costs		
Interest and finance charges paid/payable	6,302	6,310
Amortisation of borrowing costs	1,554	553
Write-off of borrowing costs	1,960	-
Finance costs expensed	9,816	6,863
Net loss on disposal		
Net loss on disposal of property, plant and equipment	-	8
Rental expense relating to operating leases		
Minimum lease payments	27,338	20,796
Superannuation expense		
Defined contribution superannuation expense	3,413	2,664
Share-based payments expense		
Share-based payments expense	1,366	601
Other expenses		
Write-off of property, plant and equipment	-	767
Provision for store closure and relocation costs	-	410
Total other expenses	-	1,177

Note 8. Income tax expense

	Consolidated 2014 $'000	Consolidated 2013 $'000
Income tax expense		
Current tax	4,464	3,837
Deferred tax - origination and reversal of temporary differences	(822)	(791)
Adjustment recognised for prior periods	709	102
Aggregate income tax expense	4,351	3,148
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 16)	(1,545)	(791)
Increase in deferred tax liabilities (note 24)	723	-
Deferred tax - origination and reversal of temporary differences	(822)	(791)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	(121,929)	11,696
Tax at the statutory tax rate of 30%	(36,579)	3,509
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	39,000	-
Entertainment expenses	47	-
Share-based payments	410	180
Acquisition costs	742	-
Sundry items	94	(484)
	3,714	3,205
Adjustment recognised for prior periods	709	102
Difference in overseas tax rates	(72)	(159)
Income tax expense	4,351	3,148

	Consolidated 2014 $'000	Consolidated 2013 $'000
Amounts credited directly to equity		
Deferred tax assets (note 16)	(1,453)	-

Note 9. Current assets - cash and cash equivalents

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash on hand	4,468	190
Cash at bank	116,183	8,159
	120,651	8,349

Cash at bank includes $99,635,000 raised as a result of the institutional placement and institutional entitlement offer, refer note 26, completed in relation to the purchase of CF Group Holdings Pty Limited, which occurred subsequent to year end, refer note 42.

Note 10. Current assets - trade and other receivables

	Consolidated 2014 $'000	Consolidated 2013 $'000
Trade receivables	7,615	3,632
Less: Provision for impairment of receivables	(797)	-
	6,818	3,632
Other receivables	-	956
	6,818	4,588

Impairment of receivables
The consolidated entity has recognised a loss of $11,000 (2013: recovery of $30,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2014.

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
3 to 6 months overdue	797	-

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
Additional provisions recognised	9	-
Additions through business combinations	788	-
Closing balance	797	-

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $1,476,000 as at 30 June 2014 ($nil as at 30 June 2013).

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
0 to 3 months overdue	1,350	-
3 to 6 months overdue	121	-
Over 6 months overdue	5	-
	1,476	-

Note 11. Current assets - inventories

	Consolidated 2014 $'000	Consolidated 2013 $'000
Stock in transit - at cost	414	-
Stock on hand - at cost	45,494	35,424
	45,908	35,424

Write-downs of inventories to net realisable value is primarily related to in-store shrinkage and write-off of expired stock. The expense recognised during the year ended 30 June 2014 amounted to $4,129,388 or 1.1% of revenue (2013: $2,668,447 or 1.0% of revenue). The expense has been included in 'Cost of sales of goods' in the statement of profit or loss and other comprehensive income.

The group has conducted an inventory range review to move towards an optimised range of inventory lines. A one-off impairment expense was recognised during the year ended 30 June 2014 in the amount of $3,822,000 (2013: $nil) related to the write-down of non-core range of inventories to net realisable value. The expense has been included in 'Cost of sales of goods' in the statement of profit or loss and other comprehensive income.

Note 12. Current assets - other

	Consolidated 2014 $'000	Consolidated 2013 $'000
Accrued revenue	407	-
Prepayments	1,059	468
Security deposits	224	-
	1,690	468

Note 13. Non-current assets - other financial assets

	Consolidated 2014 $'000	Consolidated 2013 $'000
Shares in unlisted entities - at cost	157	-

Note 14. Non-current assets - property, plant and equipment

	Consolidated 2014 $'000	Consolidated 2013 $'000
Leasehold improvements - at cost	41,124	29,390
Less: Accumulated depreciation	(8,829)	(5,992)
	32,295	23,398
Plant and equipment - at cost	92,199	46,264
Less: Accumulated depreciation	(35,683)	(14,347)
	56,516	31,917
Motor vehicles - at cost	1,027	1,497
Less: Accumulated depreciation	(440)	(819)
	587	678
Office equipment - at cost	2,993	2,717
Less: Accumulated depreciation	(2,482)	(2,243)
	511	474
	89,909	56,467

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

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Balance at 1 July 2012	12,634	26,016	730	814	40,194
Additions	12,428	11,394	120	36	23,978
Disposals	(94)	(6)	(34)	(6)	(140)
Exchange differences	260	394	2	11	667
Write off of assets	-	(767)	-	-	(767)
Depreciation expense	(1,830)	(5,114)	(140)	(381)	(7,465)
Balance at 30 June 2013	23,398	31,917	678	474	56,467
Additions	11,505	15,104	80	194	26,883
Additions through business combinations (note 39)	-	17,013	-	-	17,013
Disposals	(76)	(550)	(8)	(2)	(636)
Exchange differences	65	156	1	30	252
Depreciation expense	(2,597)	(7,124)	(164)	(185)	(10,070)
Balance at 30 June 2014	32,295	56,516	587	511	89,909

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 15. Non-current assets - intangibles

	Consolidated 2014 $'000	Consolidated 2013 $'000
Goodwill	282,600	54,755
Brand names	992	-
Internally generated software	3,160	-
Customer relationships	1,314	-
	288,066	54,755

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	Brand names $'000	Internally generated software $'000	Customer relationships $'000	Total $'000
Balance at 1 July 2012	54,755	-	-	-	54,755
Balance at 30 June 2013	54,755	-	-	-	54,755
Additions	-	-	3,160	-	3,160
Additions through business combinations (note 39)	357,845	992	-	1,314	360,151
Impairment of assets	(130,000)	-	-	-	(130,000)
Balance at 30 June 2014	282,600	992	3,160	1,314	288,066

Impairment testing for goodwill
For the purpose of impairment testing, goodwill has been allocated to the CGUs, or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management will monitor and manage the goodwill as follows:

A CGU level summary of the goodwill allocation is presented below:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Vet	158,281	-
Retail - Australia	115,194	45,630
Retail - New Zealand	9,125	9,125
	282,600	54,755

Key assumptions used for value-in-use calculations
The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit ('CGU') is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates do not exceed the long-term average growth rates for the industry in which each CGU operates.

Note 15. Non-current assets - intangibles (continued)

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	Growth rate beyond the budgeted period		Pre-tax discount rate	
	2014 %	2013 %	2014 %	2013 %
Vet	3	-	15.4	-
Retail – Australia	3	4	15.4	14.3
Retail – New Zealand	3	4	15.4	14.3

These assumptions have been used for the analysis of each CGU within an operating segment. Management determined budgeted EBITDA based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

Impairment charge
In accordance with AASB 3, following a comprehensive process to identify and determine the fair value of all acquired assets and liabilities in connection with the Greencross acquisition (see note 39), Greencross has provisionally recognised goodwill of $349,308,000 of which $280,528,000 was allocated to the vet cash generating units ("CGUs") and $68,780,000 was provisionally allocated to the Retail Australia CGU.

The goodwill allocated to the pet retail businesses was based on the value of expected margin synergies to be realised by the consolidated entity's existing operations as a result of increased revenue flows from Greencross, while the residual balance was allocated to the vet CGU.

AASB 136 'Impairment of assets' requires that CGUs containing goodwill be tested for impairment whenever there are indications that goodwill may be impaired. As the assets and liabilities of the Greencross were then recorded at fair value (including expected operational synergies) following the extensive valuation process as at the Acquisition Date, there was an indicator that the goodwill allocated to these operations was impaired.

Accordingly, Greencross completed an impairment test of the Greencross operations based on the results of the provisional purchase price allocation process (see note 39) and determined that the allocated goodwill was impaired and therefore recorded an impairment charge at acquisition of $130,000,000.

The key circumstances that led to the impairment is the AASB 3 requirement to measure the consideration paid by reference to Greencross's share price at the Acquisition Date and the significant time lag between initial merger discussions and the Acquisition Date. The recoverable amount of the vet CGU was measured using a value-in-use model determined in accordance with AASB 13.

No class of asset other than goodwill was impaired.

Impact of possible changes in key assumptions
The table below shows the excess value in use over the carrying value for the Vet CGU, along with the impairment that would arise if there was a 1% increase in the pre-tax discount rate or if the EBITDA margin for 2015 and the following years used in the value-in-use calculations is 10% lower than management's estimates.

	Additional impairment that would arise as a result of:	
	1% increase in pre-tax discount rate $'000	10% under-performance against forecast EBITDA $'000
Vet	(26,100)	(19,700)

There was no impact on the Retail CGU's as a result of reasonable changes to assumptions.

Note 16. Non-current assets - deferred tax

	Consolidated 2014 $'000	Consolidated 2013 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Impairment of receivables	239	-
Property, plant and equipment	(1,890)	(805)
Employee benefits	3,834	807
Finance leases	(106)	-
Provision for lease make good	629	-
Accrued expenses	218	672
Inventories	1,147	-
Provisions	2,764	2,811
Cash flow hedges	659	586
Prepayments	-	(16)
Finance costs	-	(330)
Acquisition costs	1,288	-
	8,782	3,725
Amounts recognised in equity:		
Transaction costs on share issue	1,083	-
Deferred tax asset	9,865	3,725
Amount expected to be recovered within 12 months	3,524	1,331
Amount expected to be recovered after more than 12 months	6,341	2,394
	9,865	3,725
Movements:		
Opening balance	3,725	3,053
Credited to profit or loss (note 8)	1,545	791
Credited to equity (note 8)	1,453	-
Additions through business combinations (note 39)	3,052	-
Credited/(charged) to other comprehensive income	90	(119)
Closing balance	9,865	3,725

Note 17. Current liabilities - trade and other payables

	Consolidated 2014 $'000	Consolidated 2013 $'000
Trade payables	35,882	19,642
GST and withholding tax payable	2,222	728
Accrued expenses	24,411	2,842
Dividend payable to non-controlling interest	979	890
Unearned income	1,150	334
	64,644	24,436

Refer to note 31 for further information on financial instruments.

Note 18. Current liabilities - borrowings

	Consolidated 2014 $'000	Consolidated 2013 $'000
Bank loans	2,328	-
Cash advance facility	-	8,000
Capitalised borrowing costs	(1,024)	-
Business Associate loan	474	-
Lease liability	387	16
	2,165	8,016

Refer to note 22 for further information on assets pledged as security and financing arrangements.

Refer to note 31 for further information on financial instruments.

Note 19. Current liabilities - derivative financial instruments

	Consolidated 2014 $'000	Consolidated 2013 $'000
Interest rate swap contracts - cash flow hedges	-	4

Refer to note 31 for further information on financial instruments.

Refer to note 32 for further information on fair value measurement.

Note 20. Current liabilities - current tax liabilities

	Consolidated 2014 $'000	Consolidated 2013 $'000
Provision for income tax	883	1,969

Note 21. Current liabilities - provisions

	Consolidated 2014 $'000	Consolidated 2013 $'000
Employee benefits	10,427	5,773
Deferred lease incentives	1,991	1,321
Lease make good	503	220
Onerous contract	102	260
Customer loyalty	1,640	1,306
Gift vouchers	147	116
Business Associate	453	-
	15,263	8,996

Note 21. Current liabilities - provisions (continued)

Employee benefits
The provision for employee benefits relates to the group's liability for long service leave and annual leave.

Deferred lease incentives
The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the benefit is recognised on a straight-line basis over the initial lease term.

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Onerous contract
The provision represents the present value of the estimated costs, net of any sub-lease revenue, that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received.

Customer loyalty
The consolidated entity operated a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the award points are recognised at their fair value.

Revenue from the award points is recognised when the points are redeemed against the provision. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed. Award points expire 12 months after the initial sale.

Gift vouchers
The consolidated entity provides for gift vouchers at the present value of expected future payments to be made in respect of sales to customers.

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:

Consolidated - 2014	Deferred lease incentives $'000	Lease make good $'000	Onerous contract $'000	Business Associate $'000	Other provisions * $'000
Carrying amount at the start of the year	1,321	220	260	-	1,422
Additional provisions recognised	835	420	-	485	2,305
Additions through business combinations (note 39)	(26)	-	100	394	-
Amounts transferred from non-current	1,611	-	41	-	-
Amounts used	(1,750)	(137)	(39)	(426)	(1,940)
Unused amounts reversed	-	-	(260)	-	-
Carrying amount at the end of the year	1,991	503	102	453	1,787

* Other provisions relate to customer loyalty and gift vouchers

Note 22. Non-current liabilities - borrowings

	Consolidated 2014 $'000	Consolidated 2013 $'000
Bank loans	148,284	10,167
Cash advance facility	-	65,927
Capitalised borrowing costs	(3,991)	(1,993)
Lease liability	739	-
	145,032	74,101

Refer to note 31 for further information on financial instruments.

The consolidated entity complied with all bank covenant requirements during the period.

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
Bank loans	150,612	10,167
Cash advance facility	-	73,927
Capitalised borrowing costs	(5,015)	(1,993)
Lease liability	1,126	16
	146,723	82,117

Assets pledged as security
Borrowings are secured by a fixed and floating charge over the assets 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.

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
Total facilities		
Bank loans	290,977	10,167
Cash advance facility	-	71,934
	290,977	82,101
Used at the reporting date		
Bank loans	150,612	10,167
Cash advance facility	-	71,934
	150,612	82,101
Unused at the reporting date		
Bank loans	140,365	-
Cash advance facility	-	-
	140,365	-

Note 23. Non-current liabilities - derivative financial instruments

	Consolidated 2014 $'000	2013 $'000
Interest rate swap contracts - cash flow hedges	2,196	1,893

Refer to note 31 for further information on financial instruments.

Refer to note 32 for further information on fair value measurement.

Note 24. Non-current liabilities - deferred tax

	Consolidated 2014 $'000	2013 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Development costs	31	-
Intangibles	692	-
Deferred tax liability	723	-
Amount expected to be settled within 12 months	82	-
Amount expected to be settled after more than 12 months	641	-
	723	-
Movements:		
Credited to profit or loss (note 8)	723	-

Note 25. Non-current liabilities - provisions

	Consolidated 2014 $'000	2013 $'000
Employee benefits	1,373	427
Deferred lease incentives	4,540	3,776
Lease make good	1,594	1,594
Onerous lease	88	-
Business Associate	2,862	-
	10,457	5,797

Employee benefits
The provision for employee benefits relates to the group's liability for long service leave and annual leave.

Deferred lease incentives
The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the benefit is recognised on a straight-line basis over the initial lease term.

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

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

Onerous lease
The provision represents the present value of the estimated costs, net of any sub-lease revenue, that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received.

Business Associate
The Business Associate liability represents the estimated future cash flows to be made within more than 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:

Consolidated - 2014	Deferred lease incentives $'000	Lease make good $'000	Onerous lease $'000	Business Associate $'000
Carrying amount at the start of the year	3,776	1,594	-	-
Additional provisions recognised	1,812	-	-	-
Additions through business combinations (note 39)	563	-	129	2,894
Amounts transferred to current	(1,611)	-	(41)	-
Amounts used	-	-	-	(32)
Carrying amount at the end of the year	4,540	1,594	88	2,862

Note 26. Equity - contributed equity

	Consolidated			
	2014 Shares	2013 Shares	2014 $'000	2013 $'000
Ordinary shares - fully paid	101,804,303	1,483,414	433,245	19,870

As explained in Note 2 Basis of preparation, the consolidated financial statements have been prepared as a continuation of the consolidated financial statements of Mammoth Pet Holdings Pty Limited. Mammoth, as the deemed acquirer, has accounted for the acquisition of Greencross from 1 February 2014. The comparative information presented for the period from 1 July 2012 to 30 June 2013 is that of Mammoth. The table below reflects the consolidated equity of Mammoth as at 30 June 2013 and a reconciliation of the consolidated contributed equity for the 2014 financial year reflecting the contributed equity movements triggered by the reverse acquisition of Greencross by Mammoth.

Note 26. Equity - contributed equity (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2012	1,483,414		19,870
Balance	30 June 2013	1,483,414		19,870
Vesting of performance rights *	31 January 2014	61,395	$0.00	-
Elimination of legal acquiree shares	22 January 2014	(1,544,809)	$0.00	-
Shares on acquisition of Mammoth (reverse acquisition of Greencross) **	22 January 2014	52,574,753	$0.00	-
Shares on acquisition of Mammoth (reverse acquisition of Greencross) ***	22 January 2014	37,682,334	$8.24	310,503
Elimination of share issues under the Employee Loan Plan *****	22 January 2014	(1,375,000)	$0.00	-
Share issue - Dividend Reinvestment Plan	14 March 2014	636,087	$7.80	4,961
Share issue - Employee Loan Plan *****	24 March 2014	125,000	$2.30	288
Share issue - Employee Loan Plan *****	2 April 2014	250,000	$0.70	175
Share issue - Employee Loan Plan *****	2 April 2014	100,000	$2.30	230
Share issue - Employee Loan Plan *****	4 June 2014	20,000	$4.70	94
Share issue - Institutional Placement ****	30 June 2014	8,144,443	$8.45	68,821
Share issue - Institutional Entitlement Offer ****	30 June 2014	3,646,686	$8.45	30,814
Share issue transaction costs		-	$0.00	(2,511)
Balance	30 June 2014	101,804,303		433,245

* The Mammoth Pet Holdings Pty Limited performance rights vested on the liquidity event being the legal acquisition of it by Greencross Limited. No consideration was paid for the performance rights by the employees. A share based payment expense has been recognised for the performance rights issued.

* The Mammoth Pet Holdings Pty Limited performance rights vested on the liquidity event being the legal acquisition of it by Greencross Limited. No consideration was paid for the performance rights by the employees. A share based payment expense has been recognised for the performance rights issued.

** The issue of shares to the legal acquiree (Mammoth Pet Holdings Pty Limited) shareholders was calculated under the terms of the Explanatory Memorandum whereby they received shares equating to 58.25% of the total equity issued of the legal acquirer post transaction. As the legal acquirer (Greencross Limited) had 37,682,334 shares prior to the transaction, this equated to 52,574,753 shares being issued to the legal acquiree shareholders.

*** The legal acquirer (Greencross Limited) had 37,682,334 shares prior to the transaction, of which 1,375,000 were issued under the Employee Loan Plan which will be recognised in share capital on the repayment of the loans described below. As it is the legal parent, the number of shares on issue was adjusted to reflect this with share capital total recognised equivalent to the consideration if the legal acquirer (Mammoth Pet Holdings Pty Limited) had purchased it using the share price at the day the transaction completed.

**** The institutional placement and institutional entitlement offer were completed and the shares issued in relation to the purchase of CF Group Holdings Pty Limited which occurred subsequent to year end on 17 July 2014.

***** Employee loan plan - The Board introduced an employee loan plan in 2011 called the Greencross Limited Employee Loan Plan ('Loan Plan'). Under the Loan Plan selected employees were invited to participate in the Loan Plan and acquire shares in the company. Immediately prior to the merger between Greencross and Mammoth on 31 January 2014 the scheme was discontinued and no further participations were invited. The merger constituted a change of control event such that all of the 1,375,000 shares which were subject to the Loan Plan vested to the participant with the attributable loans totaling $2,142,500.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. Interest is not payable on the outstanding balance of the loan. As security for the loan, the Employee pledges the shares acquired under the Loan Plan to the consolidated entity at the time the financial assistance is provided and grants a charge over any future benefits attributable to those shares, including bonus shares, rights, and dividends. As prescribed in AASB 2 Share-based Payment the shares originally issued under the Loan Plan are not recognised in contributed equity until the loan is repaid.

Note 26. Equity - contributed equity (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the legal parent 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 legal parent 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 legal parent company has 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.

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.

Note 27. Equity - reserves

	Consolidated	
	2014 $'000	2013 $'000
Foreign currency reserve	(257)	(144)
Capital profits reserve	(423)	(423)
Hedging reserve - cash flow hedges	(1,455)	(1,246)
Share-based payments reserve	2,445	1,079
	310	(734)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Capital profits reserve
The reserve was created on the reorganisation of Mammoth Pet Pty Limited on 18 October 2010 when Mammoth Holdings Pty Limited purchased Mammoth Pet Pty Limited and Freddy Holdings Pty Limited, a shareholder of Mammoth Pet Pty Limited.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Note 27. Equity - reserves (continued)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $'000	Capital profits $'000	Hedging reserve - cash flow hedges $'000	Share-based payments $'000	Total $'000
Balance at 1 July 2012	22	(423)	(1,524)	478	(1,447)
Foreign currency translation	(166)	-	-	-	(166)
Changes in fair value of cash flow hedges	-	-	397	-	397
Deferred tax	-	-	(119)	-	(119)
Share-based payment expense	-	-	-	601	601
Balance at 30 June 2013	(144)	(423)	(1,246)	1,079	(734)
Foreign currency translation	(113)	-	-	-	(113)
Changes in fair value of cash flow hedges	-	-	(298)	-	(298)
Deferred tax	-	-	89	-	89
Share-based payment expense	-	-	-	1,366	1,366
Balance at 30 June 2014	(257)	(423)	(1,455)	2,445	310

Note 28. Equity - retained profits/(accumulated losses)

	Consolidated 2014 $'000	Consolidated 2013 $'000
Retained profits at the beginning of the financial year	16,654	8,846
Profit/(loss) after income tax expense for the year	(127,775)	7,808
Dividends paid (note 30)	(4,994)	-
Retained profits/(accumulated losses) at the end of the financial year	(116,115)	16,654

Note 29. Equity - non-controlling interest

	Consolidated 2014 $'000	Consolidated 2013 $'000
Issued capital	312	312
Reserves	(74)	(74)
Retained profits	4,023	2,536
	4,261	2,774

Note 30. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2014	2013
	$'000	$'000
Interim dividend for the year ended 30 June 2014 of 5.5 cents per ordinary share.	4,994	-

At the date of signing the financial report the directors have recommended the payment of a final fully franked dividend of 7.0 cents per share at a record date of 8 September 2014, which is expected to be paid on 29 September 2014.

The final dividend for the year ended 30 June 2014 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 10 days following the record date and will rank equally with all other shares.

$191,000 (2013: $nil) was paid to non-controlling interest in respect of their dividends in the underlying entities during the year ended 30 June 2014. There are no proposed dividends for minority interests as at signing date.

Franking credits

	Consolidated	
	2014	2013
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	17,828	9,642

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 31. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and 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 derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Note 31. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
Consolidated	2014 $'000	2013 $'000	2014 $'000	2013 $'000
New Zealand dollars	29,432	23,614	21,532	18,214

The consolidated entity had net liabilities denominated in foreign currencies of $7,900,000 (assets $29,432,000 less liabilities $21,532,000) (2013: net assets of $5,400,000 (assets $23,614,000 less liabilities $18,214,000)) as at 30 June 2014. Based on this exposure, with all other variables held constant, the following could have occurred:

	AUD strengthened			AUD weakened		
Consolidated - 2014	% change	Effect on profit	Effect on equity	% change	Effect on profit	Effect on equity
New Zealand dollars	10%	(322)	(322)	10%	394	394

	AUD strengthened			AUD weakened		
Consolidated - 2013	% change	Effect on profit	Effect on equity	% change	Effect on profit	Effect on equity
New Zealand dollars	10%	(187)	(187)	10%	228	228

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

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings and interest rate swap contracts. 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. The policy is to maintain approximately 50% of borrowings at fixed rate using interest rate swaps to achieve this when necessary.

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into profit or loss when the hedged interest expense is recognised. In the year ended 30 June 2014 a gain of $nil (2013: $56,046) was reclassified into profit or loss and included in finance costs.

Note 31. Financial instruments (continued)

As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

Consolidated	2014 Weighted average interest rate %	2014 Balance $'000	2013 Weighted average interest rate %	2013 Balance $'000
Bank loans	4.91%	150,612	3.96%	10,167
Cash advance facility	-%	-	6.34%	81,927
Interest rate swaps (notional principal amount)	4.35%	83,195	4.75%	55,445
Net exposure to cash flow interest rate risk		233,807		147,539

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

An official increase/decrease in interest rates would have the following effect on profit before tax and equity per annum:

	Basis points increase			Basis points decrease		
Consolidated - 2014	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Bank loans	100	(1,506)	(1,054)	100	1,506	1,054
Interest rate swap contracts	100	832	832	100	(832)	(832)
		(674)	(222)		674	222

	Basis points increase			Basis points decrease		
Consolidated - 2013	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Bank loans	100	(1,017)	(1,017)	100	1,017	1,017
Interest rate swap contracts	100	190	190	100	(190)	(190)
		(827)	(827)		827	827

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.

The consolidated entity is not exposed to any significant credit risk given the nature of the consolidated entity's operations generate cash and credit card revenue.

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 31. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Bank loans	140,365	-

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 4.94 years (2013: 2.5 years).

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 - 2014	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	-%	35,882	-	-	-	35,882
Other payables	-%	3,072	-	-	-	3,072
Interest-bearing - variable						
Bank loans	4.91%	9,349	9,742	166,543	-	185,634
Lease liability	6.58%	448	791	-	-	1,239
Total non-derivatives		48,751	10,533	166,543	-	225,827
Derivatives						
Interest rate swaps net settled	4.35%	1,464	1,294	564	-	3,322
Total derivatives		1,464	1,294	564	-	3,322

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	-%	19,642	-	-	-	19,642
Other payables	-%	1,062	-	-	-	1,062
Interest-bearing - variable						
Bank loans	6.08%	9,807	11,622	65,888	10,234	97,551
Cash advance facility	6.34%	81,927	-	-	-	81,927
Total non-derivatives		112,438	11,622	65,888	10,234	200,182
Derivatives						
Interest rate swaps net settled	4.74%	610	394	273	-	1,277
Total derivatives		610	394	273	-	1,277

Note 31. Financial instruments (continued)

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

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 32. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Interest rate swap contracts	-	2,196	-	2,196
Total liabilities	-	2,196	-	2,196

Consolidated - 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Interest rate swap contracts	-	1,897	-	1,897
Total liabilities	-	1,897	-	1,897

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. Bank loans approximate fair value of the carrying amount on the basis of the variable nature of the interest rates associated with the loans.

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 liabilities.

Bank loans approximate fair value of the carrying amount on the basis of the variable nature of the interest rates associated with the loans.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 33. Key management personnel disclosures

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

	Consolidated	
	2014 $	2013 $
Short-term employee benefits	1,870,638	2,701,850
Post-employment benefits	49,264	71,441
Share-based payments	-	124,873
	1,919,902	2,898,164

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, and its network firms:

	Consolidated	
	2014 $	2013 $
Audit services - PricewaterhouseCoopers		
Audit or review of the financial statements	593,800	442,335
Other services - PricewaterhouseCoopers		
Tax compliance services	24,500	20,000
Tax advice on mergers and acquisitions	165,390	-
Due diligence and accounting advice on mergers and acquisitions	906,970	-
	1,096,860	20,000
	1,690,660	462,335
Audit services - network firms		
Audit or review of the financial statements	49,573	47,863

Note 35. Contingent liabilities

The consolidated entity has provided bank guarantees to various landlords in relation to leases of subsidiaries.

	Consolidated	
	2014 $'000	2013 $'000
Bank guarantees	12,111	5,218

Note 36. Commitments

	Consolidated 2014 $'000	2013 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	319	-
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	39,633	18,992
One to five years	113,373	68,543
More than five years	33,285	8,785
	186,291	96,320
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	448	17
One to five years	791	-
Total commitment	1,239	17
Less: Future finance charges	(113)	(1)
Net commitment recognised as liabilities	1,126	16
Representing:		
Lease liability - current (note 18)	387	16
Lease liability - non-current (note 22)	739	-
	1,126	16

Operating lease commitments includes contracted amounts for leased premises, veterinary equipment, vehicles and forklift equipment under non- cancellable operating leases expiring within 1 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 $1,432,000 (2013: $nil) 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.

Note 37. Related party transactions (continued)

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

	Consolidated 2014 $	Consolidated 2013 $
Sale of goods and services:		
Licence fees on Vet Service from Greencross Limited, a director related entity in the prior year	-	44,717
Other income:		
Administration fees paid by Healthy Pets Plus Limited *, a company limited by guarantee in which Dr Glen Richards is a director.	46,200	-
Payment for goods and services:		
Purchase of inventory from Petco Animal Supplies, Inc., a related party associated with directors Matthew Hobart and Scott Gilbertson.	6,086,709	1,457,970
Payment for other expenses:		
Rent and outgoings paid to Greencross Properties Pty Ltd, a company controlled by director Dr Glen Richards.	35,626	-
Rent paid to KCORM Property Trust, a trust associated with director Dr Glen Richards.	73,156	-
Rent paid to AEC Property Trust, a trust associated with director Dr Glen Richards.	87,799	-
Administration fees paid to Healthy Pets Plus Limited *, a company limited by guarantee in which Dr Glen Richards is a director.	303,900	-
Other transactions:		
Key management personnel compensation paid to Freddy Management Pty Limited, an entity associated with directors Jeffrey David and Paul Wilson	933,333	1,600,000

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

	Consolidated 2014 $	Consolidated 2013 $
Current payables:		
Rent payable to AEC Property Trust, a trust associated with director Dr Glen Richards.	3,135	-
Loan payable to Healthy Pets Plus Limited, a company limited by guarantee in which Dr Glen Richards is a director.	435,851	-
Payable for purchase of inventory to Petco Animal Supplies, Inc., a related party associated with directors Matthew Hobart and Scott Gilbertson.	640,715	-

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

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	
	2014 $'000	2013 $'000
Profit/(loss) after income tax	(131,227)	3,125
Total comprehensive income	(131,227)	3,125

Statement of financial position

	Parent	
	2014 $'000	2013 $'000
Total current assets	122,082	1,240
Total assets	443,427	39,520
Total current liabilities	7,416	(81)
Total liabilities	7,400	(81)
Equity		
Contributed equity	574,387	39,867
Accumulated losses	(138,360)	(266)
Total equity	436,027	39,601

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 $143,855,000 (2013: $46,560,000), 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 2014.

Dividends
Subsequent to the reporting date, certain companies of the consolidated entity declared dividends totalling $8,000,000, payable to Greencross Limited on 27 August 2014.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2014 and 30 June 2013.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2014 and 30 June 2013.

Note 38. Parent entity information (continued)

Impairment charge
The impairment charge of $133,000,000 arose relating to Greencross Limited's investment in Mammoth Pet Holdings Pty Limited following a significant increase in the share price used to determine the value of the shares issued between the date the merger was announced and completion. The increased value in the investment led to a higher amount recognized at the transaction which was not supported by the value in use calculations.

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.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 39. Business combinations

Summary of business acquisitions for the year ended 30 June 2014
The consolidated entity acquired the following businesses during the financial year:
- Greencross Limited – acquired on 31 January 2014;
- Riverside Veterinary Surgery – acquired on 4 March 2014;
- Caulfield South Veterinary Clinic - acquired on 11 March 2014;
- Caboolture Veterinary Clinic – acquired on 16 April 2014;
- Urban Jungle Veterinary Hospital – acquired on 29 April 2014;
- Southern Animal Referral Centre – acquired on 4 June 2014;
- Brinsmead Veterinary Surgery - acquired on 17 June 2014; and
- Kippa-Ring Veterinary Surgery - acquired on 26 June 2014.

The consolidated entity also acquired the trade and assets of the following business during the financial year:
- Coomera Petbarn - acquired on 6 June 2014.

All acquisitions were veterinary care businesses to increase the consolidated entity's market share in Australia. The goodwill of $357,845,000 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 2014.

Total acquisition costs of $8,046,000 have been expensed to profit or loss during the year.

Note 39. Business combinations (continued)

Details summarising all of the acquisitions are as follows:

	Fair value $'000
Cash and cash equivalents	3,252
Trade receivables	2,068
Inventories	5,109
Prepayments	540
Other current assets	460
Investments	157
Plant and equipment	17,013
Intangibles	2,306
Deferred tax asset	3,052
Other non-current assets	26
Trade payables	(15,685)
Other payables	(8,594)
Provision for income tax	(308)
Employee benefits	(4,911)
Bank loans	(37,023)
Business Associate loan	(3,416)
Lease liabilty	(1,852)
Net liabilities acquired	(37,806)
Goodwill	357,845
Acquisition-date fair value of the total consideration transferred	320,039
Representing:	
Cash paid or payable to vendor	8,036
Greencross Limited shares issued to vendor	310,503
Contingent consideration	1,317
Non-controlling interest	183
	320,039

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	320,039	-
Less: cash and cash equivalents	(3,252)	-
Less: contingent consideration	(1,317)	-
Less: shares issued by company as part of consideration	(310,503)	-
Less: non-controlling interest	(183)	-
Net cash used	4,784	-

Note 39. Business combinations (continued)

Greencross Limited and its controlled entities

On 31 January 2014, Greencross Limited (the 'company') merged with Mammoth Pet Holdings Ltd ('Mammoth') pursuant to a Scheme of Arrangement whereby the company acquired 100% of the equity in Mammoth in exchange for approximately 52.6 million shares in the company. The company is the parent entity from a legal perspective, however, pursuant to the requirements of Australian Accounting Standard AASB 3 'Business Combinations', Mammoth is deemed to be the acquirer of the company. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of $130,130,000 and loss before tax of $4,090,000.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	3,252
Trade receivables	2,068
Inventories	4,570
Prepayments	540
Other current assets	439
Investments	157
Plant and equipment	16,647
Other intangible assets	2,306
Deferred tax asset	3,010
Other non-current assets	26
Trade payables	(15,685)
Other payables	(8,592)
Provision for income tax	(308)
Employee benefits	(4,761)
Bank loans	(37,023)
Business Associate loans	(3,416)
Lease liability	(1,852)
Net liabilities acquired	(38,622)
Goodwill	349,308
Acquisition-date fair value of the total consideration transferred	310,686
Representing:	
Greencross Limited shares issued to vendor	310,503
Non-controlling interest	183
	310,686

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	310,686	-
Less: shares issued by company as part of consideration	(310,503)	-
Less: non-controlling interest	(183)	-
Net cash used	-	-

Note 39. Business combinations (continued)

Riverside Veterinary Surgery
On 4 March 2014 Greencross Limited acquired 100% of the business assets of Riverside Veterinary Surgery for the total consideration transferred of $1,283,000. The acquired business contributed revenues of $344,000 and profit before tax of $81,000 to the consolidated entity for the period from 4 March 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of $1,055,000 and profit before tax of $249,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	41
Other current assets	1
Plant and equipment	62
Deferred tax asset	6
Employee benefits	(20)
Net assets acquired	90
Goodwill	1,193
Acquisition-date fair value of the total consideration transferred	1,283
Representing:	
Cash paid or payable to vendor	1,062
Contingent consideration	221
	1,283

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,283	-
Less: contingent consideration	(221)	-
Net cash used	1,062	-

Note 39. Business combinations (continued)

Caulfield South Veterinary Clinic
On 11 March 2014 Greencross Limited acquired 100% of the business assets of Caulfield South Veterinary Clinic for the total consideration transferred of $1,142,000. The acquired business contributed revenues of $387,000 and profit before tax of $65,000 to the consolidated entity for the period from 11 March 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of $1,262,000 and profit before tax of $213,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	70
Plant and equipment	39
Deferred tax asset	10
Employee benefits	(33)
Net assets acquired	86
Goodwill	1,056
Acquisition-date fair value of the total consideration transferred	1,142
Representing:	
Cash paid or payable to vendor	1,142

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,142	-

Note 39. Business combinations (continued)

Caboolture Veterinary Clinic
On 16 April 2014 Greencross Limited acquired 100% of the business assets of Caboolture Veterinary Clinic for the total consideration transferred of $753,000. The acquired business contributed revenues of $344,000 and profit before tax of $81,000 to the consolidated entity for the period from 16 April 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of $1,652,000 and profit before tax of $390,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	46
Other current assets	8
Plant and equipment	48
Deferred tax asset	8
Employee benefits	(28)
Net assets acquired	82
Goodwill	671
Acquisition-date fair value of the total consideration transferred	753
Representing:	
Cash paid or payable to vendor	653
Contingent consideration	100
	753

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	753	-
Less: contingent consideration	(100)	-
Net cash used	653	-

Note 39. Business combinations (continued)

Urban Jungle Veterinary Hospital
On 29 April 2014 Greencross Limited acquired 100% of the business assets of Urban Jungle Veterinary Hospital for the total consideration transferred of $632,000. The acquired business contributed revenues of $131,000 and profit before tax of $15,000 to the consolidated entity for the period from 29 April 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of $759,000 and profit before tax of $87,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	38
Plant and equipment	16
Deferred tax asset	1
Employee benefits	(4)
Net assets acquired	51
Goodwill	581
Acquisition-date fair value of the total consideration transferred	632
Representing:	
Cash paid or payable to vendor	482
Contingent consideration	150
	632

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	632	-
Less: contingent consideration	(150)	-
Net cash used	482	-

Note 39. Business combinations (continued)

Southern Animal Referral Centre

On 4 June 2014 Greencross Limited acquired 100% of the business assets of Southern Animal Referral Centre for the total consideration transferred of $2,340,000. The acquired business contributed revenues of $190,000 and profit before tax of $30,000 to the consolidated entity for the period from 4 June 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of $2,575,000 and profit before tax of $406,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	96
Other current assets	11
Plant and equipment	141
Deferred tax asset	13
Other payables	(2)
Employee benefits	(44)
Net assets acquired	215
Goodwill	2,125
Acquisition-date fair value of the total consideration transferred	2,340
Representing:	
Cash paid or payable to vendor	1,885
Contingent consideration	455
	2,340

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	2,340	-
Less: contingent consideration	(455)	-
Net cash used	1,885	-

Note 39. Business combinations (continued)

Brinsmead Veterinary Surgery
On 17 June 2014 Greencross Limited acquired 100% of the business assets of Brinsmead Veterinary Surgery for the total consideration transferred of $1,176,000. The acquired business contributed revenues of $48,000 and profit before tax of $12,000 to the consolidated entity for the period from 17 June 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of $1,239,000 and profit before tax of $308,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	74
Other current assets	1
Plant and equipment	13
Deferred tax asset	4
Employee benefits	(13)
Net assets acquired	79
Goodwill	1,097
Acquisition-date fair value of the total consideration transferred	1,176
Representing:	
Cash paid or payable to vendor	970
Contingent consideration	206
	1,176

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,176	-
Less: contingent consideration	(206)	-
Net cash used	970	-

Note 39. Business combinations (continued)

Kippa-Ring Veterinary Surgery
On 26 June 2014 Greencross Limited acquired 100% of the business assets of Kippa-Ring Veterinary Surgery for the total consideration transferred of $1,127,000. The acquired business contributed revenues of $10,000 and profit before tax of $1,000 to the consolidated entity for the period from 26 June 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of $703,000 and profit before tax of $40,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	50
Plant and equipment	47
Net assets acquired	97
Goodwill	1,030
Acquisition-date fair value of the total consideration transferred	1,127
Representing:	
Cash paid or payable to vendor	942
Contingent consideration	185
	1,127

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,127	-
Less: contingent consideration	(185)	-
Net cash used	942	-

Note 39. Business combinations (continued)

Coomera Petbarn

On 6 June 2014 Greencross Limited acquired the trade and assets of Coomera Petbarn for the total consideration transferred of $901,000. The acquired assets contributed revenues of $117,000 and profit after tax of $17,000 to the consolidated entity for the period from 6 June 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of $1,525,000 and profit before tax of $222,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	124
Employee benefits	(8)
Net assets acquired	116
Goodwill	784
Acquisition-date fair value of the total consideration transferred	900
Representing:	
Cash paid or payable to vendor	901

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	901	-

Note 40. Interests in 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	Principal place of business / Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Greencross Operations Pty Ltd *	Australia	100.00%	-%
Greencross NSW Pty Ltd *	Australia	100.00%	-%
Greencross Townsville Pty Ltd *	Australia	100.00%	-%
Seabeach Pty Ltd *	Australia	100.00%	-%
Gorrie Veterinary Services Pty Ltd *	Australia	100.00%	-%
Chermside Veterinary Hospital Pty Ltd *	Australia	100.00%	-%
Veterinary Referral Services Pty Ltd *	Australia	70.00%	-%
Pet Accident and Emergency Pty Ltd *	Australia	90.00%	-%
Gold Coast Animal Referral & Emergency Pty Ltd *	Australia	90.00%	-%
Animal Emergency Centre Woolloongabba Pty Ltd *	Australia	100.00%	-%
Animal Emergency Centre Pty Ltd *	Australia	75.31%	-%
Animal Emergency Centre (Frankston) Pty Ltd *	Australia	75.31%	-%
Animal Emergency Centre Hallam Pty Ltd *	Australia	75.31%	-%
Williamstown Veterinary Holdings Pty Ltd *	Australia	100.00%	-%
Williamstown Veterinary Hospital Pty Ltd *	Australia	100.00%	-%
Point Cook Animal Hospital Pty Ltd *	Australia	100.00%	-%
Point Cook Unit Trust *	Australia	100.00%	-%
Pets First Hoppers Crossing Pty Ltd *	Australia	100.00%	-%
Anvet Werribee Pty Ltd *	Australia	100.00%	-%
Greencross Vets Toowoomba Pty Ltd *	Australia	100.00%	-%
Greencross Vets Southcoast Pty. Ltd. *	Australia	100.00%	-%
Vepa Labs Pty Ltd *	Australia	100.00%	-%
Vetmax Pty Ltd *	Australia	100.00%	-%
Animal Emergency Centre Toowoomba Pty. Ltd. *	Australia	65.00%	-%
Animal Emergency Centre Central Coast Pty Ltd *	Australia	65.25%	-%
Mammoth Pet Holdings Pty Limited	Australia	100.00%	100.00%
Petbarn Pty Limited	Australia	100.00%	100.00%
Mammoth Pet Pty Limited	Australia	100.00%	100.00%
Petbarn Properties Pty Limited	Australia	100.00%	100.00%
Animates NZ Holdings Limited	New Zealand	50.00%	50.00%
Freddy Holdings Pty Ltd	Australia	100.00%	100.00%
Petwise Pty Ltd	Australia	100.00%	100.00%

* Interests in subsidiaries that were acquired as part of the merger with Mammoth.

Note 40. Interests in subsidiaries (continued)

Summarised financial information
Summarised financial information of the subsidiary with non-controlling interests that is material to the consolidated entity are set out below:

	Animates NZ Holdings Limited	
	2014 $'000	2013 $'000
Summarised statement of financial position		
Current assets	13,018	9,780
Non-current assets	16,414	13,834
Total assets	29,432	23,614
Current liabilities	21,532	8,049
Non-current liabilities	-	10,165
Total liabilities	21,532	18,214
Net assets	7,900	5,400
Summarised statement of profit or loss and other comprehensive income		
Revenue	56,505	45,390
Expenses	(52,962)	(43,337)
Profit before income tax expense	3,543	2,053
Income tax expense	(953)	(573)
Profit after income tax expense	2,590	1,480
Other comprehensive income	-	-
Total comprehensive income	2,590	1,480
Other financial information		
Profit attributable to non-controlling interests	1,295	740

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 *
Greencross Townsville Pty Ltd
Mammoth Pet Holdings Pty Limited
Petbarn Pty Limited
Mammoth Pet Pty Limited

* The 2013 statement of profit or loss comprises 12 months of Greencross results for these entities which were party to the deed of cross guarantee.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements 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'.

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	2014 $'000	2013 $'000
Revenue	302,987	83,854
Other income	1,747	-
Cost of sales of goods	(156,168)	(21,861)
Employee benefits expense	(66,590)	(40,552)
Depreciation and amortisation expense	(7,937)	(1,407)
Marketing costs	(5,236)	-
Occupancy costs	(33,134)	(7,674)
Administration costs	(14,710)	-
Impairment of assets	(130,000)	-
Acquisition costs	(8,046)	(756)
Other expenses	341	(4,634)
Finance costs	(9,192)	(2,457)
Profit/(loss) before income tax expense	(125,938)	4,513
Income tax expense	(3,098)	(1,796)
Profit/(loss) after income tax expense	(129,036)	2,717
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(129,036)	2,717

Equity - retained profits/(accumulated losses)	2014 $'000	2013 $'000
Retained profits at the beginning of the financial year	6,530	7,736
Profit/(loss) after income tax expense	(129,036)	2,717
Transfer to non-controlling interest	(1,495)	-
Retained profits/(accumulated losses) at the end of the financial year	(124,001)	10,453

Note 41. Deed of cross guarantee (continued)

Statement of financial position	2014 $'000	2013 $'000
Current assets		
Cash and cash equivalents	113,423	7,001
Trade and other receivables	13,018	2,211
Inventories	38,735	3,171
Loans	-	3,129
Prepayments	394	275
Other	631	487
	166,201	16,274
Non-current assets		
Other financial assets	6,390	12,507
Property, plant and equipment	75,421	9,651
Intangibles	265,473	59,879
Deferred tax	8,792	1,481
Other	-	1,120
	356,076	84,638
Total assets	522,277	100,912
Current liabilities		
Trade and other payables	54,217	9,671
Borrowings	(7,436)	626
Current tax liabilities	(798)	955
Provisions	12,031	2,577
Other	-	526
	58,014	14,355
Non-current liabilities		
Payables	-	1,996
Borrowings	144,008	33,768
Derivative financial instruments	2,196	-
Provisions	10,302	473
	156,506	36,237
Total liabilities	214,520	50,592
Net assets	307,757	50,320
Equity		
Contributed equity	431,213	39,867
Reserves	(950)	-
Retained profits/(accumulated losses)	(124,001)	10,453
Non-controlling interest	1,495	-
Total equity	307,757	50,320

Note 42. Events after the reporting period

On 1 July 2014, the consolidated entity acquired 100% of the share capital of Crown Street Veterinary Hospital Pty Ltd for the total consideration of $1,155,000. The fair value of tangible assets acquired were $74,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	46
Other current assets	13
Plant and equipment	51
Deferred tax asset	16
Employee benefits	(52)
Net assets acquired	74
Goodwill	1,081
Acquisition-date fair value of the total consideration transferred	1,155
Representing:	
Cash paid or payable to vendor	926
Cash paid to enter into Business Associate program	229
	1,155

On 17 July 2014, the consolidated entity acquired 100% of the share capital of CF Group Holdings Pty Ltd ('City Farmers') for the total consideration of $205,000,000. At the date this annual report was authorised for issue the fair value of the assets and liabilities acquired has not been disclosed as a result of the proximity of reporting date to the acquisition date. In addition the acquisition is currently being investigated by the Australian Competition & Consumer Commission and as such has not been completed unconditionally.

Between 14 July and 17 July 2014 the consolidated entity completed a retail rights issue raising $20,403,000 in cash and issued a further $50,000,000 of scrip to the vendor to fund the purchase of City Farmers with a balance of $134,597,000 being funded from cash and debt.

On 29 July 2014, the consolidated entity acquired 100% of the share capital of Macedon Ranges Veterinary Clinic for the total consideration of $968,000. The fair value of tangible assets acquired were $224,000.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	73
Plant and equipment	151
Net assets acquired	224
Goodwill	744
Acquisition-date fair value of the total consideration transferred	968
Representing:	
Cash paid or payable to vendor	811
Contingent consideration	157
	968

Note 42. Events after the reporting period (continued)

On 12 August 2014, the consolidated entity purchased 51% of the issued capital of Greencross Pet Friends Pty Limited for a total consideration of $842,000. At the date this annual report was authorised for issue the fair value of the assets and liabilities acquired as part of the business combination was incomplete. Therefore the value of goodwill and the fair value of the assets and liabilities acquired has not been disclosed.

On 19 August 2014, the consolidated entity purchased South Melbourne Veterinary Clinic for a total consideration of $630,000 including a deferred settlement of $40,000. At the date this annual report was authorised for issue the fair value of the assets and liabilities acquired as part of the business combination was incomplete. Therefore the value of goodwill and the fair value of the assets and liabilities acquired has not been disclosed.

Apart from the dividend declared as disclosed in note 30, no other matter or circumstance has arisen since 30 June 2014 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/(loss) after income tax to net cash from operating activities

	Consolidated	
	2014 $'000	2013 $'000
Profit/(loss) after income tax expense for the year	(126,280)	8,548
Adjustments for:		
Depreciation and amortisation	10,070	7,465
Impairment of goodwill	130,000	-
Write off of property, plant and equipment	-	767
Net loss on disposal of property, plant and equipment	-	8
Share-based payments	1,366	-
Non-cash finance costs	3,514	553
Non-cash movements in reserves	(322)	713
Change in operating assets and liabilities:		
Increase in trade and other receivables	(50)	(1,173)
Increase in inventories	(5,375)	(7,692)
Increase in deferred tax assets	(1,635)	(672)
Increase in prepayments	(8)	-
Decrease in other operating assets	-	41
Increase/(decrease) in trade and other payables	11,050	(4,824)
Increase in derivative liabilities	299	-
Decrease in provision for income tax	(1,394)	(99)
Increase in deferred tax liabilities	723	-
Increase in other provisions	2,330	5,168
Decrease in other operating liabilities	-	(453)
Net cash from operating activities	24,288	8,350

Note 44. Non-cash investing and financing activities

	Consolidated	
	2014 $'000	2013 $'000
Shares issued under dividend reinvestment plan	4,961	-
Shares issued in relation to business combinations	310,503	-
	315,464	-

Note 45. Earnings per share

	Consolidated 2014 $'000	Consolidated 2013 $'000
Profit/(loss) after income tax	(126,280)	8,548
Non-controlling interest	(1,495)	(740)
Profit/(loss) after income tax attributable to the owners of Greencross Limited	(127,775)	7,808

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	67,052,122	50,485,287
Adjustments for calculation of diluted earnings per share:		
Options	-	2,089,467
Weighted average number of ordinary shares used in calculating diluted earnings per share	67,052,122	52,574,754

	Cents	Cents
Basic earnings per share	(190.56)	15.47
Diluted earnings per share	(190.56)	14.85

60,145 options over ordinary shares in the 2014 year have been excluded from the calculation as their inclusion would become anti-dilutive.

Note 46. Share-based payments

Long Term Incentive Plan
The establishment of the Mammoth Long Term Incentive Plan (the 'LTIP') was approved by shareholders in 2011. The LTIP ceased to operate as a result of the merger with effect from 17 January 2014.

The LTIP was designed to provide long-term incentives for managers and above to deliver long-term shareholder returns. Under the plan, participants were granted performance rights which only vest if certain performance standards are met. Participation in the plan is at the board’s discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The number of performance rights issued to employees depended on a number of factors which Mammoth Pet Holdings Pty Limited have determined.

Performance rights granted under the plan carried no dividend or voting rights.

When exercisable, each performance right was convertible into one ordinary share in Mammoth Pet Holdings Pty Limited.

Set out below are summaries of performance rights granted under the plan:

2014

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
10/08/2011	10/08/2019	$0.00	33,700	-	(33,700)	-	-
22/06/2012	22/06/2020	$0.00	26,445	-	(24,945)	(1,500)	-
16/08/2013	31/08/2022	$0.00	-	2,750	(2,750)	-	-
			60,145	2,750	(61,395)	(1,500)	-

* The performance rights vested as a result of the merger and were recognised in share capital (note 25)

Note 46. Share-based payments (continued)

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
10/08/2011	10/08/2019	$0.00	33,700	-	-	-	33,700
22/06/2012	22/06/2020	$0.00	26,445	-	-	-	26,445
			60,145	-	-	-	60,145

Greencross Limited
Directors' declaration
30 June 2014

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 2014 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

Jeffrey David
Director

29 August 2014
Sydney

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 2014, the statement of profit or 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*.

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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 2014 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 21 of the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers.

PricewaterhouseCoopers

Adam Thompson
Partner

Sydney
29 August 2014

The shareholder information set out below was applicable as at 1 August 2014.

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	2,040
1,001 to 5,000	1,730
5,001 to 10,000	335
10,001 to 100,000	318
100,001 and over	79
	4,502
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
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	18,453,743	16.81
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,817,024	8.94
PREBEST PTY LIMITED	7,669,969	6.99
J P MORGAN NOMINEES AUSTRALIA LIMITED	6,769,227	6.17
WILLEESE PTY LIMITED	4,949,349	4.51
NATIONAL NOMINEES LIMITED	4,877,251	4.44
RED RUFF INVESTMENT COMPANY	2,859,764	2.61
MAXIMUM (NQ) PTY LIMITED	2,539,963	2.31
QUADRANT PRIVATE EQUITY NO 3 LP	2,094,667	1.91
MR STUART BRUCE JAMES & MRS GILLIAN DOREEN JAMES	1,940,367	1.77
PAPERBARK PTY LTD	1,739,564	1.58
QUADRANT PRIVATE EQUITY NO 3D PTY LIMITED	1,706,889	1.55
MR JOHN DAVID ODLUM & MRS ANN ODLUM	1,659,600	1.51
CITICORP NOMINEES PTY LIMITED	1,569,515	1.43
MR JOHN DAVID ODLUM & MR KEITH EDWARD KNIGHT	1,393,431	1.27
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,147,223	1.05
BNP PARIBAS NOMS PTY LTD	1,117,455	1.02
JODAV PTY LTD	1,100,000	1.00
MR JOHN DAVID ODLUM & MRS ANN ODLUM	980,000	0.89
QUADRANT PRIVATE EQUITY NO 3C PTY LIMITED	950,389	0.87
	75,335,390	68.63

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
TPG STAR SF PTE LTD	21,270,749	19.38
JEFFREY DAVID AND ASSOCIATED ENTITIES	7,697,604	7.01
GLEN RICHARDS AND ASSOCIATED ENTITIES	5,657,499	5.15

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.