

Open Briefing Interview

Greencross Vets' Managing Director, Glen Richards, was recently interviewed by 'Open Briefing' on the company's FY2012 Outlook and Strategy.

The comprehensive interview details the company's upward trend in EBITDA margin, a projected increase of at least 15% EPS growth, and the outlook for acquisitions and strategy.

Greencross Limited (ASX: GXL), after acquiring the Hurstbridge Veterinary Clinic & Hospital ('Hurstbridge') in Victoria, has expanded its portfolio to 67 veterinary practices, with ten practices acquired in the first three months of FY2012. At this rate, you would acquire about 30 practices in FY2012, well in front of your intention to acquire "at least 12" clinics during the year. This suggests some upside versus your target of achieving EPS growth of 15 percent in FY2012. Can you comment?

CEO Glen Richards: The target for Greencross is to acquire at least 12 million dollars in revenue through new acquisitions. This equates to approximately 12 practices acquired in the year. Acquisitions in the first three months included the Toowoomba and Wollongong joint venture in which Greencross has a majority stake. On a year to date basis we've acquired ten clinics and this represents approximately nine and a half million in revenue, so we are on target to deliver acquisitions as we promised. We will continue to target at least 15 per cent earnings per share growth in 2012 and we to aim to deliver at least a 7 cent dividend per share in the 2012 financial year.

In light of consumers' higher levels of saving and restrained discretionary spending, how have your markets been impacted? What has been the performance of your underlying business so far in FY2012?

CEO Glen Richards: The veterinary industry is resilient and we have seen positive revenue growth in the first three months of this year on a like for like basis. We are not totally bullet proof and we have felt some impact of worldwide economic conditions with softer revenue growth than we would like. Despite this, with the excellent internal controls we have implemented over the last two years via our Area Managers and Practice Managers, we will deliver on our earnings expectation.

To read the entire interview, please go to: www.greencrossvet.com.au/Corporate



Intergrations

Greencross Vets Biggera Waters – This clinic is located on a busy intersection with three sides facing the street. The site is extremely large with a floor area of 420 square metres. The integration team focused on leveraging the opportunity to showcase the Greencross brand by carrying it across all exposed facings.



Greencross Vets Noosa The photos of this transformation say it all! Our modern, sleek design and eye-catching branding make it a clinic that is hard to miss!



Greencross Ltd
 28 Balaclava St Woolloongabba QLD 4102
 PO Box 8366 Woolloongabba QLD 4102
 Tel: 07 3435 3535 Fax: 07 3435 3536
 support@greencrossvet.com.au
www.greencrossvet.com.au

Greencross Copyright©
 All information, text, material and graphics contained in the Greencross Limited Shareholders Newsletter ("Content") are copyright 2011 Greencross Limited. You must not reproduce, copy, modify, republish, upload to a third party, transmit, post or distribute this Content in any way except as authorised in writing by Greencross Limited.
 Any views expressed in this newsletter are those of the individual, except where specifically stated to be endorsed as the views of Greencross Limited.



2011 Issue 1

Shareholders Newsletter

Outlook

- FY12 EPS is expected to increase on PCP by at least 15%
- Fully franked dividends paid for the full year ended 30 June 2012 expected to be no less than 7cps – represents a return of 9% fully franked based on a share price of \$1.10 per share
- Acquisition pipeline healthy – GXL will continue to target on average 12 practice acquisitions per year
- Serviceability of debt remains comfortable with support continuing from the Company's financiers, the CBA
- Net debt/equity in the low to mid of the Company's short term preferred band of 55% to 65%

Progress

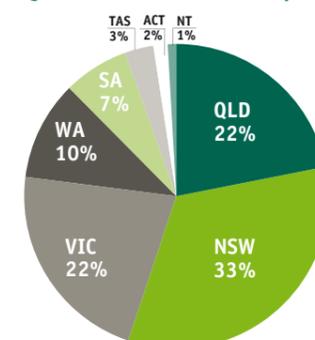
- 67 practices along the eastern seaboard
- Over 156,000 active patients visiting 220,000 times per year
- 25,000 new clients per year
- 8,500 patients per week
- Over 200 Veterinarians and 500 Nurses and support team members
- Market share of industry¹ revenue increased 2.56%
- Market share of industry¹ revenue relating to companion animals grown to 3.24% (see graph)



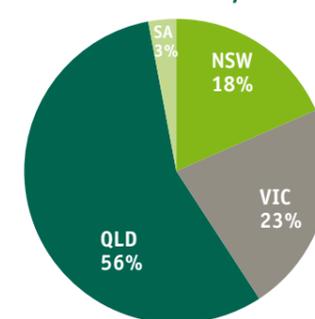
Industry Overview

- Industry turnover in the year to 30th June 2011 was forecasted to be \$2.47b²
- Average annualised real growth rate estimated at 4.5% over the next 5 years to 30th June 2016²
- Companion animal income represented 79% of total expected turnover in 2010-2011 averaging 4.8% growth²
- 63% of households own a pet with 53% of households owning a dog or cat¹

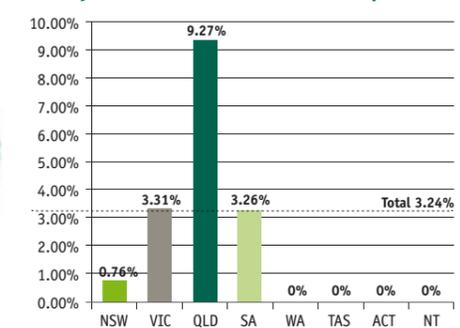
Industry Business Locations/ State



GXL Business Locations/ State



GXL Market Share Companion Animal Revenue/ State



Dr Glen Richards
 Managing Director



Dear Shareholder,

This is the first of our quarterly Greencross shareholder updates designed to keep you informed of our progress and expansion plans going on at Greencross Ltd.

Over the last few years our management team and support office have become very experienced at supporting, coaching and managing our local veterinary hospitals as well as experts in acquiring and integrating veterinary hospitals into our network.

With so many management initiatives and acquisitions on the go, from this point forward, this newsletter will ensure you know where we are spending our time to grow our company, and to grow our shareholders' value.

Sincerely,
Dr Glen Richards

In this Edition

- Outlook
- Progress
- Industry Overview
- Core Values
- FY11 Results Summary
- Clinic and Support Office Growth
- Acquisition Update
- Cultural Survey Information
- Our levels of Employee Engagement
- Open Briefing Interview
- The Future – Challenges Facing GXL
- Integrations – Biggera Waters & Noosa

¹ Veterinary Services Industry in Australia ² IBISWorld 08640 – April 2011

Core Values

Team Work: We will work together to create an environment that promotes collaboration and harmony among our Vets, Nurses and Managers to achieve great results for all our stakeholders including clients, patients, team members, suppliers and shareholders.

Accountability: We will take ownership for the delivery of high standards, team unity and personal performance.

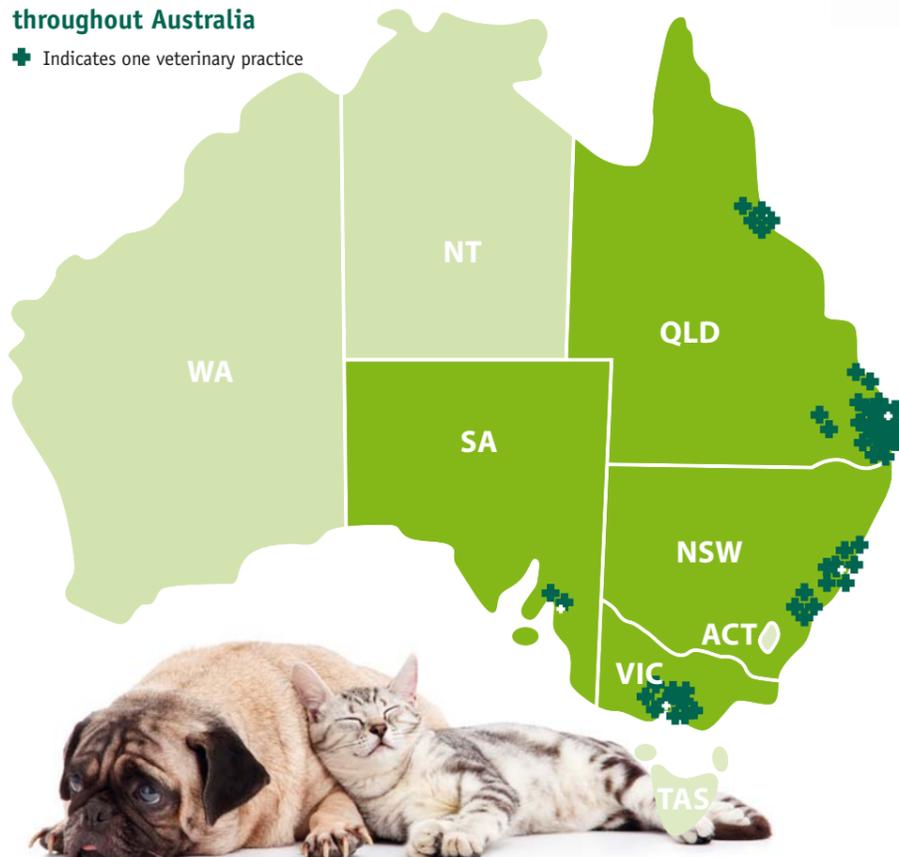
Integrity: We will always be honest with our clients and our team mates and uphold strong moral and ethical principles.

Value: We will demonstrate a caring attitude that respects and values our clients' and teammates' beliefs and opinions.

Professionalism: We will conduct ourselves in a way that delivers confident, competent and conscientious care for our clients, patients and our teammates.

All GXL Practices Located throughout Australia

✚ Indicates one veterinary practice



FY11 Results Summary

12mths end 30 June	Amount	Change
Revenue	\$61.1m	23.2%
EBITDA – underlying	\$8.6m	35.0%
NPAT – underlying	\$3.7m	32.8%
EPS – underlying	13.0cps	11.6%
NPAT – reported	\$3.5m	25.7%
EPS – reported	12.1cps	5.6%
Dividends	6.0cps	140.0%
Weighted Ave Shares On Issue	\$28.47m	19.0%

Note: GXL raised \$3.0m via an SPP and placement to institutional investors and high net worth investors in July 2010. Underlying EBITDA, NPAT & EPS excludes not recurring costs of \$0.25m (post tax) which relate to one off marketing spent, discontinued operations and debt refinancing charges

12mths end 30 June	FY11	FY10
Operating cashflow	\$6.1m	\$3.7m
Net debt	\$17.6m	\$14.2m
Net debt / equity	58.0%	56.2%
Dividend per share	6.0cps	2.5cps
Dividend payout ratio*	50.0%	–

Clinic and Support Office Growth

- ✚ Increase of 23 new practices during the 12 month period 1 August 2010 to 31 July 2011 to 66 practices. This is an increase in practice number of 56%, full earnings impact is yet to flow through to the reported numbers of the Company
- ✚ Corporate Support office developed over the last two years to assist in increasing practice numbers to 100+
- ✚ Strong acquisitions pipeline established through the industry focused 'Greencross Awareness' campaign. Appointment of a full time Acquisitions Manager to improve the processing and integration of acquisitions



Acquisition Update

NSW and VIC are the current focus areas as these two markets represent the greatest opportunity for GXL.

Our aim is to complete one transaction per month for the next 12 months

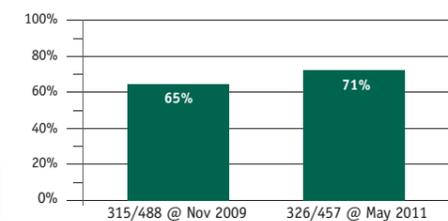
Location	General Practices	Specialty/Emergency
QLD		
Townsville	5	–
Brisbane	14	1
Gold Coast	12	1
Toowoomba	2	–
Sunshine Coast	2	–
NSW		
Central Coast	4	–
Sydney	4	–
South Coast	4	–
VIC Melbourne	12	4
SA Adelaide	–	2
TOTAL	59	8

Cultural Survey Information

Response Rate

In 2011, 326 employees took the time to complete the staff survey. We achieved a response rate of 71% which was 6% up on our 2009 response rate, a great outcome for the company.

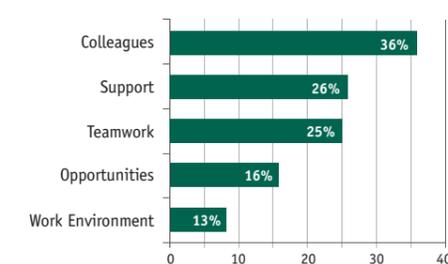
Response Rate – History



Truly Great Place to Work

In 2011, 67% of respondents (or 218 employees) believe Greencross Vets is a Truly Great Place to Work. The percentage of respondents who answered 'yes' to the Truly Great question increased by 14.8% when compared with our 2009 survey results. This is a remarkable increase over an 18 month period.

Truly Great Place to Work – Why Yes?

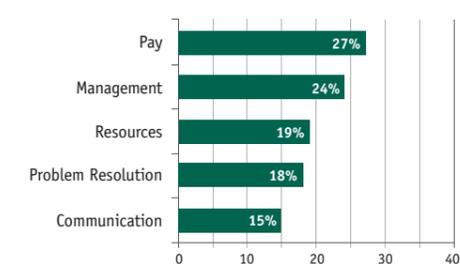


Each respondent to the survey was provided with the opportunity to comment on why 'yes' or why 'no'. The researchers, Best Practice Australia (BPA) coded these comments. The top 5 reasons provided by 180 employees as to why Greencross Vets is a Truly Great Place to Work are illustrated in Graph 2.

Some of the 'yes' comments included:

- ✚ "The staff are always there to help when needed and the Vets are very approachable and easy going."
- ✚ "I am very proud of the team we have. Great fun but still very professional."
- ✚ "Greencross provides a balance of quality of life for vets, sharing practice resources and medical and management knowledge to help grow businesses."
- ✚ "Being a national company allows for career progression for all staff if they're driven."
- ✚ "On an individual basis for the clinics in which I have worked, the greatness of the work environment is created by the great teams residing in them."

Barriers to becoming a Truly Great Place to Work



The Future – Challenges Facing GXL

Surveyed respondents were asked to identify 3 things they were most excited about regarding the potential challenges facing Greencross Vets...and 3 things they were most concerned about.

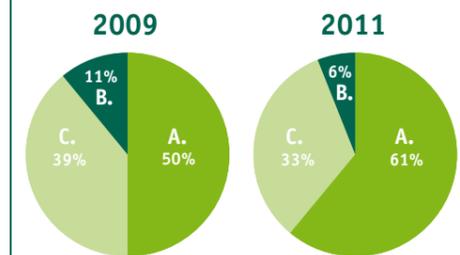
The most exciting things tended to theme in the areas of Education and Facilities. Potential challenges themed around Service Delivery and Pay.

Our levels of Employee Engagement

BPA has developed a model of Employee Engagement which is depicted by 6 Types of Culture.

To determine the Type of Culture, BPA identifies the percentage of respondents experiencing their working life in an:

- ✚ **A. Engagement Cycle** (positive, upbeat, optimistic, engaging)
- ✚ **B. Disengagement Cycle** (negative, pessimistic, blaming)
- ✚ **C. Swinging Voters** (neither overtly positive nor negative)



In 2011 Greencross Vets has lifted the level of Employee Engagement by 11% and cut the level of Disengagement by 5%.

BPA has measured the organisational culture of over 700 companies and has developed a model of Employee Engagement – titled 'From Blame to Success'.

With 61% of respondents Engaged or going with Greencross, the company now sits in a Culture of Success. This Type of Culture is characterised as having:

- ✚ Employees who are very positive about tackling problems...there is a 'Can do' mentality.
- ✚ A strong sense of success and achievement.
- ✚ Teams that are very close-knit, very cohesive, and very focused.

As a company we need to make sure we are using the strength of our culture throughout Greencross and our challenge in the future will be to sustain this high level of Engagement to drive our business strategy.