



Outlook

Dr Glen Richards
Managing Director



Dear Shareholders,
The momentum inside Greencross continues to drive performance with excellent results from many of our practices as well as the company as a whole. The longer a practice is supported by Greencross the more engaged the team, the more engaged the clients, and the better the clinical standards and financial performance seen.

Our approach has been to provide better support and career paths for our people in our existing practices as well as to continue with a very active acquisitions and integrations program. The combination has delivered good performance as seen in the table of results for the six months to 31st December, 2012.

With consistent performance over a number of years and the opportunity to continue with industry leading innovative programs and disciplined acquisitions, it is pleasing to see investors recognising our activities with GXL shares trading at all-time highs.

Recently the board supported a capital raise to fund a larger than usual acquisition in Sydney, as well as other acquisitions in the pipeline. The capital raise enabled the acquisition to occur in a timely manner and strengthened the balance sheet.

Key activities in the last six months included:

- acquiring and integrating eight general practices into our network of hospitals
- launching Vepa Laboratories and equipping our Melbourne and Brisbane locations
- building a new state-of-the-art general practice facility at Morayfield
- restructuring our group area management team to improve support for our practices
- delivering education workshops in behaviour, surgery, ophthalmology, ultrasonography, management essentials, laboratory medicine, and customer service across all regions
- relaunching our Healthy Pets Plus proactive healthcare plan (membership numbers have reached 10,500 pets in 9 months)
- redesigning, optimising and expanding our websites for our Greencross, AEC and VEPA brands
- expanding our social media presence and engagement with our pet owning communities

The journey continues at a disciplined and invigorating pace!

Sincerely,
Dr Glen Richards

- FY13 EPS is expected to increase on PCP by at least 15%
- Acquisitions continue as a key driver of growth with a target of at least one to two acquisitions per month on multiples of 3.5 to 4.5 times EBIT
- Gearing to continue decreasing to below 65% as more acquisitions are funded through free cash and less debt
- Healthy Pets Plus targeted to grow to at least 15,000 members over the next six months

Financial Summary	1H12 Actual	1H13 Actual	Increase
	\$'000	\$'000	%
Revenue	39.4m	51.2m	29.8
Underlying EBITDA	5.9m	7.8m	32.2
Underlying NPAT	2.6m	3.5m	34.6
Underlying Basic EPS	8.69 cents	10.74 cents	23.6
Dividends Per Share	4.0 cents	5.0 cents	25.0
Operating Cash Flow	4.5m	6.7m	49.4

Note: Underlying figures exclude adjustments for deferred purchase payments, one-off acquisition costs and set-up costs in relation to the new Vepa Labs business.

Equipment

Greencross continues to upgrade buildings and equipment. There have been recent installations of 3 CT scanners, 6 computerised radiography processors and 4 high level ultrasound machines. Woolloongabba general practice and emergency centre in Brisbane has just completed renovations to also house the CT scanner, a specialist surgeon and the Brisbane laboratory for VEPA labs. Three other practices that are growing out of their current space are being redesigned and relocated. All practises in the group are having their branding and external presentation reviewed and renovated as required. All of the above expenditures are carefully costed to ensure a reasonable return on capital is achieved.

Acquisitions Update

- Since last edition:
1. Silkstone Veterinary Hospital (Qld)
 2. Anvet Coomera (Qld)
 3. The Vets Helensvale (Qld)
 4. The Vets Nerang (Qld)
 5. The Vets Robina (Qld)
 6. Paradise Veterinary Hospital (SA)
 7. Ku-Ring-Gai Veterinary Hospital (NSW)
 8. Roseville Veterinary Surgery (NSW)

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Pakenham Vic & Morayfield Qld



Location	General Practices	Specialty/Emergency	Lab Centres
QLD			
Townsville	6	-	-
Brisbane	17	1	1
Gold Coast	16	1	-
Toowoomba	4	1	-
Regional	3	-	-
NSW			
Central Coast	6	1	-
Sydney	6	-	-
Wollongong	4	-	-
VIC Melbourne	16	4	1
SA Adelaide	1	2	-
TOTAL	79	10	2



Open Briefing Interview

In this Open Briefing (OB), CEO and MD, Dr Glen Richards discusses:

1. Organic growth as well as acquisitions drive underlying earnings growth.
2. Cash flow growth maintained, recent placement for acquisitions strengthens balance sheet.
3. Forecast EPS growth of at least 15 pct per annum maintained.

OB: Greencross Limited (ASX: GXL) recently reported net profit of \$1.0 million for the first half ended December 2012, versus \$2.5 for the previous corresponding period (pcp). Excluding accounting treatment and one off items, NPAT was \$3.5 million, up 35%, and EBITDA was \$7.8 million, up 32%, on revenue of \$51.2 million, up 30%. Eight new veterinary practices were acquired, bringing the total to 89 at the end of the half. What was the contribution of the acquisitions to the growth in earnings and what have been the drivers of organic growth?

MD Glen Richards: Acquisitions continue to be the main driver of growth and the company will continue to target one to two new acquisitions per month.

Of course, we're very aware of the importance of managing our business well and ensuring we achieve organic growth on a yearly basis. We're very pleased to report an improvement in like for like organic revenue and EBITDA growth for the period of 3.8% and 12.1% respectively.

The main driver of organic growth has been the successful implementation of our Healthy Pets Plus wellness program. We now have over 10,000 members, with sign-up rates continuing at approximately 200 new members per week. On top of this, our veterinary teams have been engaged in a number of other organic initiatives which have complemented organic revenue and EBITDA growth, including the promotion of high standards of veterinary care, better healthcare compliance by our pet owners and customer service training programs.

OB: Underlying EPS was 10.74 cents per share for the first half, up 24%, and you continue to expect EPS growth of at least 15% in the current year. Taking into account the placement earlier this month of 3.3 million new shares, is this forecast growth still achievable?

MD Glen Richards: We're pleased to confirm that after the completion of the placement of 3.3 million new shares to institutional cont...

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

Operations Update

FY2013 has seen the integration of a number of newly acquired clinics into the Greencross network. To support this growing network the depth of our Area Manager (business coach) team has expanded. Victoria, NSW, and Brisbane regions have all been divided between two Area Managers. This allows better cohesion for our clinics, and has resulted in profit improvement. We are also pleased to communicate that Greencross will be opening two new-to-industry greenfield sites in the latter half of FY2013. These state of the art facilities are located in regions that our demographic and industry studies have indicated that latent demand exists. Morayfield, the first of these clinics opening in March, has been very well received by the local community.

Understanding the link between well trained and engaged team members and a sustainable business, continuing education remains a strong focus for us during the year. World class clinical education events such as the recently run Ophthalmology workshop ensure that our veterinary teams remain at the forefront of technical expertise. Our education calendar will also see the delivery of our 4th Annual National Leadership Symposium in June, where all of our clinic team leaders and support office staff attend for two days of leadership and management training.

Integration & Greenfield

Greencross Vets Pakenham is located in southeast Victoria. Dr Nick Emerton established the clinic and is well known within the community. He continued with Greencross as the Vet Director and is leading his team to provide a range of small animal services.



BEFORE

Pakenham



AFTER

Pakenham

Greencross Vets Morayfield marks the first greenfield practice to be added to the Greencross network of clinics. Located in northern Brisbane, Queensland, the Morayfield practice will feature a 496 square metres state-of-the-art veterinary hospital. The team will welcome the community at the upcoming grand opening celebration. Note: Photos are for illustration purposes only.



INSIDE

Morayfield



OUTSIDE

Morayfield



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