



National
Veterinary
Care

*Excellence
in Vet Care*



Annual Report | 2015

National Veterinary Care Ltd

(Formerly known as XYZ Vet Pty. Ltd)

ABN 17 166 200 059

Annual Report - 30 June 2015

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National Veterinary Care Ltd
Corporate directory
30 June 2015



Directors	Susan Forrester Tomas Steenackers Stephen Coles Wesley Coote
Company secretary	Katherine Baker
Registered office	97 Albion Road Albion QLD 4010 Phone: 1300 NVC VET (1300 682 838)
Principal place of business	97 Albion Road Albion QLD 4010 <i>Postal address:</i> PO Box 453 Collins Street West VIC 8007
Auditor	HLB Mann Judd (SE Qld Partnership) Level 15 Central Plaza Two 66 Eagle Street Brisbane QLD 4000
Solicitors	Mills Oakley Lawyers Level 14 145 Ann Street, Brisbane QLD 4000 Ramsden Lawyers Level 3 Oracle East 6 Charles Avenue Broadbeach QLD 4218
Website	www.nvcltd.com.au

The directors present their report, together with the financial statements, on the Company for the year ended 30 June 2015.

Directors

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

Susan Forrester	Appointed on 5 February 2015
Tomas Steenackers	Appointed on 11 February 2015
Dr Stephen Coles	Appointed on 5 February 2015
Wesley Coote	Appointed on 5 February 2015
Alison Sherry	Appointed on 28 August 2015
Glenn Gaudet	Resigned on 5 February 2015

Principal activities

During the financial year the principal continuing activities of the Company consisted of preparing valuations and negotiating with veterinary services providers across Australia and preparation of the platform for listing the Company in the financial year ending 30 June 2016.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Company after providing for income tax amounted to \$856,041 (30 June 2014: \$184,856).

For the year ended 30 June 2015 the Company concentrated on positioning the Company to complete a listing on the Australian Securities Exchange ('ASX') early in the 2016 financial year.

During the year the Company identified and contracted to acquire the 34 Clinics across Australia based on disciplined acquisition criteria. NVC's business model is to identify, acquire, integrate and manage veterinary clinics in Australia and New Zealand.

Through efficiently managing a portfolio of Clinics, NVC expects to generate operational improvements and deliver benefits for all stakeholders.

Key operational drivers of the Company

NVC will primarily receive revenue through:

- The provision of veterinary services at its Clinics;
- The provision of related services, such as grooming, behavioural training, boarding and cremation services; and
- The sale of goods including food, pharmaceuticals and merchandise.

Key drivers of revenue include:

- Number of Clinics in the portfolio;
- Clinic utilisation;
- Fees charged for veterinary services;
- Referrals to emergency and cremation services from NVC and non-NVC veterinarians; and
- Demand for other products such as food, pharmaceuticals and merchandise.

Key expenses as a percentage of FY16 pro forma forecast operating costs include:

- Employee costs – 52.9%;
- Direct expenses of providing services (food, pharmaceuticals and merchandise) – 30.6%; and
- Occupancy costs – 8.8%.

Together these costs comprise 92.3% of total forecast operating expenses for FY16.

Efficient management of employee expenses through optimising rosters to match client demand is a key factor in determining profitability. Direct expenses of providing services are influenced by the mix of services provided and products sold.

Growth strategy of the Company

The key growth strategies for NVC are expanding the portfolio of Clinics through acquisition, and driving organic growth at a Clinic level.

NVC will assess future acquisition opportunities against its disciplined acquisition criteria.

Organic revenue growth will be driven through the introduction of key initiatives, including:

- Expansion of the Wellness Program;
- Ensuring consistent standards of veterinary care;
- Targeted local marketing strategies;
- Professional development and training for employees; and
- Providing broader services such as more complex procedures to retain work that otherwise may be referred outside of the NVC group.

Material business risks

The key risks that the Company faces that have the potential to have a material impact on the performance of the Group going forward and how they are managed are listed below. The Company is committed to managing the potential risks it faces in a continuous and proactive manner.

Completion of the Initial Portfolio

If any of the Clinics within the Initial Portfolio do not complete, the composition of the Initial Portfolio will change. It is anticipated that the Initial Portfolio will complete between 1 August 2015 and 1 September 2015. However, there is no guarantee that this will occur. Quotation of the shares on the ASX will be conditional upon NVC completing the acquisition of at least half of the Initial Portfolio by value after the close of the offer and prior to listing.

Integration risk

It is critical that NVC successfully integrate the Initial Portfolio in order to achieve its FY16 forecast. There is a risk that the process of integration may take longer or be more expensive than anticipated.

Veterinary services expenditure

Any deterioration in economic conditions, or reduction in pet ownership in Australia may negatively impact NVC's future financial performance.

Key personnel

The successful execution of NVC's business model depends on a management team with the necessary talent and experience to integrate and manage veterinary clinics. The loss of key personnel could cause material disruption to the performance of NVC in the short to medium term.

Retention of lead veterinarians

The retention of the lead veterinarians within the Initial Portfolio is important to the ongoing operation of those Clinics. If these lead veterinarians were to leave, there is a risk that some clients served by those veterinarians would no longer visit those Clinics, which would have an adverse impact on the revenue of those Clinics, and ultimately NVC.

Human resources

Personnel issues may arise at a Clinic level. If these issues are not effectively managed, then the business and profitability of these Clinics will be adversely affected.

Future acquisitions

NVC may not be successful in identifying, evaluating and finalising future acquisitions on acceptable terms. There is a risk that increased competition for acquisitions could increase price expectations, lower returns on capital and affect NVC's ability to attain its acquisition targets.

Industry competition

Competitive threats such as reduction of competitor pricing for services, entry of new clinics in close proximity to NVC Clinics, or increased competition for veterinarians could have a material adverse impact on NVC's operational and financial performance.

Significant changes in the state of affairs

On 30 April 2015 the Company changed its name from XYZ Vet Pty. Ltd to National Veterinary Care Ltd and changed from being an Australian proprietary company to an Australian unlisted public company.

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

Matters subsequent to the end of the financial year

On 14 August 2015, the Company completed the Initial Public offering of \$30,000,000 shares in National Veterinary Care Limited at \$1 per share raising a total of \$30,000,000. The Company also utilised the finance facility with the ANZ to complete the acquisition of 34 Clinics in the Initial Portfolio. On this date the Company became an Australian public listed company on the Australian Securities Exchange ('ASX') under the code NVL.

The total consideration for the 34 clinics completed in the Initial Portfolio is \$52,481,000 comprising \$41,312,000 in cash and \$11,169,000 in NVC shares. Consideration of completion is \$46,881,000 comprising \$39,802,000 in cash and \$7,079,000 in NVC shares. Deferred consideration is \$5,600,000 comprising \$1,510,000 in cash and \$4,090,000 in NVC shares.

The Company completed the acquisition of Whites Hill Vet on 8 October 2015. The total up-front cash consideration paid for this acquisition equals \$865,000.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

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

Information on directors

Name:	Susan Forrester
Title:	Chairperson (appointed on 5 February 2015)
Age:	48
Qualifications:	BA, LLB(Hons), EMBA, FAICD (Chair)
Experience and expertise:	Susan is a professional, commercially focused company chair and director with 25 years' experience in law, business and governance. Susan chairs the Boards of NVC, Propell National Valuers and the Oncore Group. She serves as a non-executive Director of G8 Education Ltd, Healthdirect Australia and UnitingCare Qld. Outside her Board portfolio, Susan leads the strategy practice of Board Matters, a specialist governance consultancy.
Special responsibilities:	Chair of Remuneration and Nomination Committee, member of Audit, Compliance and Risk Management Committee

Name:	Tomas Steenackers
Title:	Managing Director and Chief Executive Officer (appointed on 11 February 2015)
Age:	37
Qualifications:	B.Bus, MBA
Experience and expertise:	Tomas has a breadth of experience in pharmaceutical, retail and pathology sectors, having worked for international and multinational organisations over the past fifteen years. This included senior management roles with Mayne Pharma, Hospira, Covidien and Terry White Management. Tomas was previously the General Manager of Specialty, Emergency and Pathology at Greencross Ltd, responsible for managing all business-to-business units. His key responsibilities included: logistics, production, operations, strategic planning, change management, distribution, customer service, mergers and acquisitions.
Special responsibilities:	None

Name: Dr Stephen Coles
Title: Independent Non-Executive Director (appointed on 5 February 2015)
Age: 59
Qualifications: BVSc, MACVSc, DipAVDC
Experience and expertise: With almost 40 years' experience in the veterinary sector, Stephen is highly respected in the industry as a General Practitioner and Specialist. He is a Senior Fellow of the University of Melbourne and a Scientific Associate of the Zoological Board of Victoria. He is a Life Member of the Australian Veterinary Dental Society and a Member of the Regional Recovery Group Southern Brown Bandicoots Western Biosphere Reserve. His past roles include Co-founder and Director of Animal Hospitals of Australia, Director Melbourne Veterinary Specialist Centre and Preceptor University of Alabama. More recently he served as Executive Director and Operations and Acquisitions Manager Specialty and Emergency at Greencross Ltd.

Special responsibilities: Member of the Clinical Governance Committee, Audit, Compliance and Risk Management Committee and Remuneration and Nomination Committee

Name: Wesley Coote
Title: Non-Executive Director (appointed on 5 February 2015)
Age: 37
Qualifications: B.Com, CA, ACIS
Experience and expertise: Wesley is the Managing Director of Evolve Salons Limited, a public unlisted company consolidating the hair and beauty sector. He is the former Chief Financial Officer and Company Secretary of Greencross Ltd. Wesley played an integral role in growing the company from a market capitalisation of circa \$30 million to over \$750 million. Prior to this, Wesley worked as a chartered accountant, providing business advice in the health sector, property sector and financial services industry.

Special responsibilities: Chair of Audit, Compliance and Risk Management Committee, member of Remuneration and Nomination Committee

Name: Alison Sherry
Title: Non-Executive Director (appointed on 28 August 2015)
Qualifications: BHSc, MBA, FAHRI, MAICD
Experience and expertise: Alison's well respected skills in the field of organisational consulting and human resource management acquired over 25 years, has enabled her to competently perform principal roles in strategic overview activities and business reviews with private partnership and publicly listed companies (ASX & FTSE) as well as public sector. Alison holds an MBA from University of Queensland, is a Fellow of the Australian Human Resources Institute (FAHRI) and a Member of the Australian Institute of Company Directors. Alison is currently an Executive team member at Ranbury as the General Manager of People Operations and a Board Director RSPCA Qld.

Special responsibilities: None

Company secretary

Katherine Baker (BBus CA) is Chief Financial Officer and Company Secretary. Katherine is an experienced Chartered Accountant and has provided tax advice and business solutions to SMEs. Prior to NVC, Katherine acted as the Financial Controller of Greencross Ltd for five years. During her time at the company, Katherine was responsible for all facets of financial strategy, planning, management and accounting. Katherine played an integral role in growing the company and setting up the financial infrastructure to support the growth from 50 business units to 117 veterinary business units. She holds a Bachelor of Commerce from Queensland University of Technology and is a member of the Institute of Chartered Accountants.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Susan Forrester	10	10
Tomas Steenackers	10	10
Stephen Coles	10	10
Wesley Coote	10	10
Glenn Gaudet	-	1

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

Shares under option

There were no unissued ordinary shares of the Company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

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 the 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.

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

HLB Mann Judd (SE Qld Partnership) 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



Wesley Coote
Director

22 October 2015
Brisbane



Tomas Steenackers
Director

Auditor's Independence Declaration under s.307C of the Corporations Act 2001 to the Directors of National Veterinary Care Limited

As lead auditor for the audit of the financial report of National Veterinary Care Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



C J M King
Partner

Brisbane
22 October 2015

National Veterinary Care Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015



	Note	Year to 30 Jun 2015 \$	Period from 9 Oct 2013 to 30 Jun 2014 \$
Revenue	5	11,070	-
Expenses			
Employee benefits expense		(578,621)	-
Consulting and professional fees		(376,444)	(264,000)
Depreciation and amortisation expense	6	(517)	-
Advertising expense		(15,936)	-
Administration expense		(3,009)	(80)
Information technology and communications expense		(33,309)	-
Insurance expense		(17,850)	-
Occupancy expense		(16,981)	-
Travel and accommodation expense		(72,194)	-
Acquisition costs		(113,372)	-
Loss before income tax benefit		(1,217,163)	(264,080)
Income tax benefit	7	361,122	79,224
Loss after income tax benefit for the year attributable to the owners of National Veterinary Care Ltd	17	(856,041)	(184,856)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of National Veterinary Care Ltd		(856,041)	(184,856)
		Cents	Cents
Basic earnings per share	26	(8.14)	(5.59)
Diluted earnings per share	26	(8.14)	(5.59)

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

National Veterinary Care Ltd
Statement of financial position
As at 30 June 2015



	Note	30 Jun 2015 \$	30 Jun 2014 \$
Assets			
Current assets			
Cash and cash equivalents	8	191,927	71,991
Trade and other receivables	9	46,451	26,410
Total current assets		<u>238,378</u>	<u>98,401</u>
Non-current assets			
Other financial assets	10	100,000	-
Property, plant and equipment	11	22,373	-
Deferred tax	12	440,346	79,224
Prepayments		164	-
Total non-current assets		<u>562,883</u>	<u>79,224</u>
Total assets		<u>801,261</u>	<u>177,625</u>
Liabilities			
Current liabilities			
Trade and other payables	13	237,920	-
Borrowings	14	700,000	-
Other	15	90,638	-
Total current liabilities		<u>1,028,558</u>	<u>-</u>
Total liabilities		<u>1,028,558</u>	<u>-</u>
Net assets/(liabilities)		<u>(227,297)</u>	<u>177,625</u>
Equity			
Issued capital	16	813,600	362,481
Accumulated losses	17	(1,040,897)	(184,856)
Total equity/(deficiency)		<u>(227,297)</u>	<u>177,625</u>

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

National Veterinary Care Ltd
Statement of changes in equity
For the year ended 30 June 2015



	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 9 October 2013	-	-	-
Loss after income tax benefit for the period	-	(184,856)	(184,856)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	(184,856)	(184,856)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 16)	362,481	-	362,481
Balance at 30 June 2014	362,481	(184,856)	177,625
	Issued capital \$	Accumulated losses \$	Total deficiency \$
Balance at 1 July 2014	362,481	(184,856)	177,625
Loss after income tax benefit for the year	-	(856,041)	(856,041)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(856,041)	(856,041)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 16)	451,119	-	451,119
Balance at 30 June 2015	813,600	(1,040,897)	(227,297)

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

National Veterinary Care Ltd
Statement of cash flows
For the year ended 30 June 2015



	Note	Year to 30 Jun 2015 \$	Period from 9 Oct 2013 to 30 Jun 2014 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(919,363)	(290,490)
Other revenue		11,070	-
		<u> </u>	<u> </u>
Net cash used in operating activities	25	<u>(908,293)</u>	<u>(290,490)</u>
Cash flows from investing activities			
Payments for investments	10	(100,000)	-
Payments for property, plant and equipment	11	(22,890)	-
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(122,890)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares	16	451,119	362,481
Proceeds from issue of convertible notes	14	700,000	-
		<u> </u>	<u> </u>
Net cash from financing activities		<u>1,151,119</u>	<u>362,481</u>
Net increase in cash and cash equivalents		119,936	71,991
Cash and cash equivalents at the beginning of the financial year		71,991	-
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	8	<u><u>191,927</u></u>	<u><u>71,991</u></u>

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

Note 1. General information

The financial statements cover National Veterinary Care Ltd as an individual entity. The financial statements are presented in Australian dollars, which is National Veterinary Care Ltd's functional and presentation currency.

At 30 June 2015 National Veterinary Care Ltd was an unlisted public company limited by shares, incorporated and domiciled in Australia. On 14 August 2015 the company successfully listed on the Australian Securities Exchange ('ASX') under ASX code (NVL) and became a listed public company. Its registered office and principal place of business is:

97 Albion Road
Albion QLD 4010

A description of the nature of the Company'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 22 October 2015. 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 Company 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.

Going concern

The Company incurred a loss after income tax of \$856,041 (2014: \$184,856), was in a net current liability position of \$790,180 (2014: net current asset position of \$98,401) and had net cash outflows from operating activities of \$908,293 (2014: \$290,490) for the year ended 30 June 2015.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. As is often the case with newly incorporated companies, the ability of the Company to continue its development activities as a going concern including paying its debts as and when due, is dependent upon it deriving sufficient cash from investors and revenues in the upcoming Initial Public Offer.

On 14 August 2015 the Company completed the Initial Public Offering of \$30,000,000 shares in National Veterinary Care Limited at \$1 per share to raise a total of \$30,000,000. The Company also utilised the finance facility with ANZ to complete the acquisition of 35 Clinics in the Initial Portfolio.

The total consideration for the Initial Portfolio is \$56,800,000 comprising \$45,800,000 in cash and \$11,000,000 in NVC shares. Consideration on completion is \$50,600,000 comprising \$44,500,000 cash and \$6,100,000 in NVC shares. Deferred consideration is \$6,200,000 comprising \$1,300,000 in cash and \$4,900,000 in NVC shares.

The directors are of the view that the Company is a going concern based on the successful listing of National Veterinary Care on the Australian Stock Exchange on 14 August 2015 and securing of the financing outlined above. Therefore the Company will be able to meet its debts as and when they become due and payable and accordingly it is appropriate that the financial statements have been prepared on a going concern basis.

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 available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, 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 Company'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.

Operating segments

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

Revenue recognition

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

Sale of goods

Revenue from the sale of goods is recognised when NVC has transferred to the buyer the significant risk and rewards of ownership of the goods.

Rendering of services

Revenue from the provision of services is recognised by reference to when the services have been 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.

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 the 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 be applied 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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at 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.

Note 2. Significant accounting policies (continued)

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.

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 classified as current when: it is either 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 classified as current when: it is either 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.

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 Company 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.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

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

Loans and receivables

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

Note 2. Significant accounting policies (continued)

Impairment of financial assets

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

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

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 (excluding land) over their expected useful lives. The depreciation rates are as follows:

General plant and equipment	7 to 20%
Computer equipment	10 to 30%

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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 the 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 Company 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.

Impairment of non-financial assets

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 Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

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

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

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

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.

Employee benefits

Defined contribution superannuation expense

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

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 interests. 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 at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of 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.

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

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 Company for the annual reporting period ended 30 June 2015. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Provision for impairment of receivables

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

Fair value measurement hierarchy

The Company is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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

Income tax

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

Recovery of deferred tax assets

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

Note 4. Operating segments

Identification of reportable operating segments

The Company operates in one segment, being preparing valuations and negotiating with veterinary services providers across Australia. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

As a result, the operating segment information is as disclosed in the statements and notes to the financial statements throughout the report.

Note 5. Revenue

	Year to 30 Jun 2015 \$	Period from 9 Oct 2013 to 30 Jun 2014 \$
Other revenue	11,070	-

Note 6. Expenses

	Year to 30 Jun 2015 \$	Period from 9 Oct 2013 to 30 Jun 2014 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
General plant and equipment	111	-
Computer equipment	406	-
Total depreciation	517	-
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	16,981	-
<i>Superannuation expense</i>		
Defined contribution superannuation expense	28,266	-

Note 7. Income tax benefit

	Year to 30 Jun 2015 \$	Period from 9 Oct 2013 to 30 Jun 2014 \$
<i>Income tax benefit</i>		
Deferred tax - origination and reversal of temporary differences	(361,122)	(79,224)
Aggregate income tax benefit	<u>(361,122)</u>	<u>(79,224)</u>
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 12)	(361,122)	(79,224)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(1,217,163)	(264,080)
Tax at the statutory tax rate of 30%	(365,149)	(79,224)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Acquisition costs	4,027	-
Income tax benefit	<u>(361,122)</u>	<u>(79,224)</u>

Note 8. Current assets - cash and cash equivalents

	30 Jun 2015 \$	30 Jun 2014 \$
Cash at bank	<u>191,927</u>	<u>71,991</u>

Note 9. Current assets - trade and other receivables

	30 Jun 2015 \$	30 Jun 2014 \$
Trade receivables	4,000	-
Other receivables	-	10
Loan to Albion Vet Surgery Pty Ltd	20,566	-
Goods and services tax receivable	21,885	26,400
	<u>46,451</u>	<u>26,410</u>

Note 10. Non-current assets - other financial assets

	30 Jun 2015 \$	30 Jun 2014 \$
Shares in Albion Vet Surgery Pty Ltd - at cost	<u>100,000</u>	<u>-</u>

Note 11. Non-current assets - property, plant and equipment

	30 Jun 2015 \$	30 Jun 2014 \$
General plant and equipment - at cost	1,808	-
Less: Accumulated depreciation	(111)	-
	<u>1,697</u>	<u>-</u>
Computer equipment - at cost	21,082	-
Less: Accumulated depreciation	(406)	-
	<u>20,676</u>	<u>-</u>
	<u><u>22,373</u></u>	<u><u>-</u></u>

Reconciliations

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

	General plant and equipment \$	Computer equipment \$	Total \$
Balance at 9 October 2013	-	-	-
Balance at 30 June 2014	-	-	-
Additions	1,808	21,082	22,890
Depreciation expense	(111)	(406)	(517)
Balance at 30 June 2015	<u>1,697</u>	<u>20,676</u>	<u>22,373</u>

Note 12. Non-current assets - deferred tax

	30 Jun 2015 \$	30 Jun 2014 \$
Deferred tax asset	<u>440,346</u>	<u>79,224</u>
<i>Movements:</i>		
Opening balance	79,224	-
Credited to profit or loss (note 7)	361,122	79,224
Closing balance	<u>440,346</u>	<u>79,224</u>

Note 13. Current liabilities - trade and other payables

	30 Jun 2015 \$	30 Jun 2014 \$
Trade payables	209,744	-
Other payables	28,176	-
	<u>237,920</u>	<u>-</u>

Refer to note 19 for further information on financial instruments.

Note 14. Current liabilities - borrowings

	30 Jun 2015 \$	30 Jun 2014 \$
Convertible notes payable	<u>700,000</u>	<u>-</u>

Refer to note 19 for further information on financial instruments.

NVC has entered into three Convertible Note Agreements to provide \$700,000 in funding to the Company for the purposes of working capital and associated costs incurred in relation to the Initial Public Offer. The convertible notes will automatically convert into shares on, relevantly, the business day immediately prior to listing at an issue price per share which is 50% of the offer price under the prospectus. The convertible notes are interest free. If the listing does not go ahead, the convertible notes are repayable by cash or bank deposit on the availability of immediate available funds to fulfil the repayment as a whole.

Note 15. Current liabilities - other

	30 Jun 2015 \$	30 Jun 2014 \$
Accrued expenses	<u>90,638</u>	<u>-</u>

Note 16. Equity - issued capital

	30 Jun 2015 Shares	30 Jun 2014 Shares	30 Jun 2015 \$	30 Jun 2014 \$
Ordinary shares - fully paid	<u>8,286,000</u>	<u>7,249,620</u>	<u>813,600</u>	<u>362,481</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	9 October 2013	-		-
Issue of shares	9 October 2013	2,827,620	\$0.05	141,381
Issue of shares	4 February 2014	672,000	\$0.05	33,600
Issue of shares	10 March 2014	50,000	\$0.05	2,500
Issue of shares	1 May 2014	300,000	\$0.05	15,000
Issue of shares	30 June 2014	<u>3,400,000</u>	\$0.05	<u>170,000</u>
Balance	30 June 2014	7,249,620		362,481
Issue of shares	3 September 2014	5,922,380	\$0.05	296,119
Issue of shares	28 January 2015	2,000,000	\$0.04	85,000
Issue of shares	16 February 2015	1,400,000	\$0.05	70,000
Share conversion 2:1	20 February 2015	<u>(8,286,000)</u>	\$0.00	<u>-</u>
Balance	30 June 2015	<u>8,286,000</u>		<u>813,600</u>

Ordinary shares

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

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

Note 16. Equity - issued capital (continued)

Capital risk management

The Company's objectives when managing capital is 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 17. Equity - accumulated losses

	30 Jun 2015	30 Jun 2014
	\$	\$
Accumulated losses at the beginning of the financial year	(184,856)	-
Loss after income tax benefit for the year	<u>(856,041)</u>	<u>(184,856)</u>
Accumulated losses at the end of the financial year	<u><u>(1,040,897)</u></u>	<u><u>(184,856)</u></u>

Note 18. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 19. Financial instruments

Financial risk management objectives

The Company'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 Company'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 Company. The Company 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 Company 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 Company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Company's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Company is not exposed to any significant foreign currency risk.

Price risk

The Company is not exposed to any significant price risk.

Interest rate risk

The Company is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Company 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 Company does not hold any collateral.

Note 19. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the Company 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 Company 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.

Remaining contractual maturities

The following tables detail the Company'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.

30 Jun 2015	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-%	209,744	-	-	-	209,744
Other payables	-%	28,176	-	-	-	28,176
Convertible notes payable	-%	700,000	-	-	-	700,000
Total non-derivatives		937,920	-	-	-	937,920

Note 20. Fair value measurement

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.

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.

Note 21. Key management personnel disclosures

Compensation

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

	Year to 30 Jun 2015 \$	Period from 9 Oct 2013 to 30 Jun 2014 \$
Short-term employee benefits	446,220	122,619
Post-employment benefits	24,371	-
Share-based payments	286,119	141,381
	756,710	264,000

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd (SE Qld Partnership), the auditor of the Company:

	Year to 30 Jun 2015 \$	Period from 9 Oct 2013 to 30 Jun 2014 \$
<i>Audit services - HLB Mann Judd (SE Qld Partnership)</i>		
Audit or review of the financial statements	9,000	-

Note 23. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

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

Note 24. Events after the reporting period

On 14 August 2015, the Company completed the Initial Public offering of \$30,000,000 shares in National Veterinary Care Limited at \$1 per share raising a total of \$30,000,000. The Company also utilised the finance facility with the ANZ to complete the acquisition of 34 Clinics in the Initial Portfolio. On this date the Company became an Australian public listed company on the Australian Securities Exchange ('ASX') under the code NVL.

The total consideration for the 34 clinics completed in the Initial Portfolio is \$52,481,000 comprising \$41,312,000 in cash and \$11,169,000 in NVC shares. Consideration of completion is \$46,881,000 comprising \$39,802,000 in cash and \$7,079,000 in NVC shares. Deferred consideration is \$5,600,000 comprising \$1,510,000 in cash and \$4,090,000 in NVC shares.

The Company completed the acquisition of Whites Hill Vet on 8 October 2015. The total up-front cash consideration paid for this acquisition equals \$865,000.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	Year to 30 Jun 2015 \$	Period from 9 Oct 2013 to 30 Jun 2014 \$
Loss after income tax benefit for the year	(856,041)	(184,856)
Adjustments for:		
Depreciation and amortisation	517	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(20,041)	(26,410)
Increase in deferred tax assets	(361,122)	(79,224)
Increase in prepayments	(164)	-
Increase in trade and other payables	237,920	-
Increase in other operating liabilities	90,638	-
Net cash used in operating activities	<u>(908,293)</u>	<u>(290,490)</u>

Note 26. Earnings per share

	Year to 30 Jun 2015 \$	Period from 9 Oct 2013 to 30 Jun 2014 \$
Loss after income tax attributable to the owners of National Veterinary Care Ltd	<u>(856,041)</u>	<u>(184,856)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>10,521,319</u>	<u>3,305,402</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>10,521,319</u>	<u>3,305,402</u>
	Cents	Cents
Basic earnings per share	(8.14)	(5.59)
Diluted earnings per share	(8.14)	(5.59)

National Veterinary Care Ltd
Directors' declaration
30 June 2015



In the directors' opinion:

- the attached financial statements and notes 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 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 give a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

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

Wesley Coote
Director

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

Tomas Steenackers
Director

22 October 2015
Brisbane

Independent Auditor's Report to the members of National Veterinary Care Limited

Report on the Financial Report

We have audited the accompanying financial report of National Veterinary Care Limited ("the company"), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company.

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 gives a true and fair view and 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 of the company 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 about 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 company's preparation of the financial report that gives a true and fair view 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 company'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*.

Opinion

In our opinion:

- (a) the financial report of National Veterinary Care Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2



HLB Mann Judd
Chartered Accountants

Brisbane, Queensland
22 October 2015



C J M King
Partner

HLB Mann Judd (SE Qld Partnership) ABN 68 920 406 716

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