Annual Report 2014

Warrnambool Cheese and Butter Factory
Company Holdings Limited

Annual Report 2014

Chief Executive Officer's Report

The 125-year anniversary of WCB's existence as a dairy processor was characterised by a competitive bidding process for control of the Company which spanned six months and was eventually won by Saputo Inc., one of the top ten dairy processors in the world. Ahead of other competing proposals, WCB shareholders strongly supported the Board-recommended bid proposal by Saputo Dairy Australia Pty Ltd, which delivered a price premium for their shares along with continuity for existing WCB employees and supplier stakeholders. Saputo's shareholding in WCB stands at 87.92%.

Operationally, FY2014 was an outstanding year for the Company. International trading conditions remained strong throughout the year. Average commodity prices achieved in FY2014 exceeded prices achieved in the previous year by 36.5%. In addition to a strong price environment, WCB enjoyed the benefits of a weaker Australian currency against the US dollar. On average, the Australian dollar depreciated against the US dollar by 10 cents in FY2014 compared with FY2013. These factors assisted in growing revenues by 22.7% to $609.0 million and contributed to an EBITDA (earnings before interest, taxation, depreciation and amortisation) increase over the previous year of 77.3% to $45.2 million (after deducting non-recurring costs of $13.9 million associated with takeover defence and rights issuance costs and changes in accounting estimates).

In addition to the positive international trading conditions, WCB continued to benefit from recent investments in strategic projects designed to enhance the value of its product mix. Numerous business improvement projects and plant enhancements delivered sustainable margin improvement to the business. The Company also derived benefit from improved efficiencies and operating cost reductions delivered by its business-wide Continuous Improvement program. WCB's Continuous Improvement activities are embedded in its business processes and assist in offsetting annual increases in the cost of doing business.

On 9 May 2014, a new WCB Board was elected consisting of five directors including:

- Lino A. Saputo, Jr., CEO and Vice Chairman of the Board of Saputo Inc., elected to the WCB Board and appointed Chairman
- Louis-Philippe Carrière, Executive Vice President, Finance and Administration of Saputo Inc., elected to the Board as a Director
- Retention of Directors Terence Richardson, Bruce Vallance and Neville Fielke
- Dino Dello Sbarba, President and Chief Operating Officer of Saputo Inc., appointed as an Associate Director.

I would like to thank the continuing directors and those directors who retired on 9 May for their efforts during the takeover period, which resulted in the best outcome not only for shareholders but also for suppliers and employees.

Now under Saputo majority ownership and control, WCB is focused on a successful integration into the Saputo Group. Saputo intends to support management to accelerate growth in the Australian and international markets and intends to make investments to expand WCB's capacity and capabilities, and encourage growth in milk production among WCB's supply group.

David Lord
Chief Executive Officer

Review and Results of Operations

Financial Summary

Warrnambool Cheese and Butter Factory Company Holdings Limited (WCB) draws milk from some of the most productive dairying regions in the country, including southwest Victoria, southeast South Australia and the Fleurieu Peninsula.

The Company produces, markets and distributes in Australia and on the international market a variety of high quality cheeses, butter and butter blends, milk and cream. These products are sold under various brand names such as Warrnambool, Sungold and Great Ocean Road. The Company also produces, markets and distributes dairy ingredients, including milk powders and whey protein concentrates.

Increased global demand, elevated dairy commodity prices and a lower Australian dollar have contributed to a significant growth in FY2014 revenues and earnings.

- Total revenue $609.0 million, up $112.5 million or 22.7% from $496.5 million in FY2013.
- A net profit after tax of $21.3 million, an increase of $13.8 million or 184.1% compared with $7.5 million in FY2013.
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by $19.7 million or 77.3% to $45.2 million compared with $25.5 million in FY2013.

Included in the statutory profit results were $10.7 million of non-recurring pre-tax takeover defence and rights issuance costs associated with takeover bids received by the Company and $3.2 million associated with a change in accounting estimates of internal byproduct transfer pricing.

Business Highlights

International dairy product demand, driven primarily by growing imports in China, supported a surge in dairy prices. FY2014 prices moderated but were still at levels higher than those experienced in most of FY2013.

The Australian dollar depreciated against the US dollar by an average of ten cents in FY2014. With the majority of WCB exports being in US dollars, the Australian dollar depreciation provided an additional revenue and earnings benefit in FY2014.

Consumer goods revenue grew by 10.6% in FY2014. Branded retail milk volumes increased by 6.0% and branded specialty cheese volumes increased by 41.8% in a difficult and constrained pricing market influenced by the highly competitive supermarket channel.

In a highly competitive milk market environment, farmgate milk prices increased by 38.6% over those of FY2013.

Net interest expense decreased by 11.7% as WCB applied a positive cash flow from operations to reduce overall debt by 28.3%.

The Great Ocean Ingredients (GOI) and Warrnambool Cheese and Butter Japan (WCBJ) joint ventures realised the benefits of improved pricing, the depreciation in the Australian dollar and improved strategic initiatives. The GOI plant has increased overall plant capacity and efficiencies, and WCBJ has expanded its sales and marketing reach to non competing dairy companies.

Returns to Shareholders

WCB's improved profit outcome in FY2014 is reflected in improved shareholder returns. Return on equity was 11.6% in FY2014 (FY2013: 4.6%) and return on invested capital was 16.8% (FY2013: 10.4%).

Earnings per share also reflected the improved overall earnings and increased by 180.2% to 38.1 cents (FY2013: 13.6 cents).

Balance Sheet and Cash Flow

Balance sheet strength has been enhanced in FY2014.

A significant EBITDA contribution and a working capital decrease has contributed to a strong cashflow from operations, which, when combined with retention of cash within the business, has enabled WCB to invest in operational efficiencies and new growth initiatives while reducing its overall debt position.

Gearing based on total debt over total debt plus equity decreased in FY2014 to 22.8% from 31.8% in the prior year.

Milk Supply

FY2014 has been a challenging and rewarding year for suppliers.

Following the extremely difficult conditions and low prices of FY2013, a significant turnaround has been achieved in FY2014 with milk prices at a record high.

During the year, WCB continued its formal and informal supplier meetings, along with the Supplier Advisory Forum, to continue to help provide transparent supplier policy and improved supplier communications. The Company also conducted a series of supplier updates and presentations on the highly publicised takeover.

Manufacturing

FY2014 was the first full year of operation of the manufacture of instantised WPC80 from the whey protein concentrate plant. This premium high margin product is now a valuable component of the Company's ingredients range offering.

A new lactoferrin plant was commissioned in FY2014, providing a nutritional ingredient for the infant and toddler formula and nutrition markets.

WCB's focus on continuous improvement includes the optimisation of plant and milk transportation processes, increasing yields and reduction in operating costs, wastage and downtime. A number of milk transportation and operational initiatives were realised in FY2014, resulting in more efficient processes as well as reduced milk transportation and operational costs.

Sales Marketing and Innovation

Strong demand across most markets drove first half prices of FY2014 close to previous records. A quick supply reaction after the February 2014 peak pushed prices down; however, average prices remained higher than those experienced in FY2013.

From a product development perspective, WCB entered into the lactoferrin market in FY2014 and has received positive feedback on the quality of its product.

Great Ocean Ingredients

Great Ocean Ingredients Pty Ltd (GOI) owns and operates a Vivinal GOS (galacto-oligosaccharides) manufacturing plant at the Allansford site. Vivinal GOS is sold worldwide to leading infant nutrition providers.

GOI revenues increased by 13.2% in FY2014 due to a combination of increased sales volumes and a strong ingredients pricing market.

Volume improvements resulted from a combination of increased investment in plant capacity, improved quality and yield recoveries, and enhancement of packaging flexibility.

The positive cashflow from operations has been utilised to reduce overall debt as well as investing in growth initiatives.

WCB Japan

Lower Japanese domestic milk production along with consistent dairy product demand supported an increase in demand for imported dairy ingredients in FY2014.

The WCBJ joint venture has been successful in expanding business through new and existing customers.

Expanding the WCB range of products available for Japan complemented and enhanced the existing business by providing customers with more variety. This positions WCBJ as a specialised supplier of a wider range of dairy products for the Japanese market.

Outlook FY2015

International dairy prices have reduced from FY2014 highs. However, international demand remains strong.

At the time of this report the Australian dollar is slightly lower than the FY2014 average but remains volatile.

Demand fundamentals remain sound, creating new opportunities for growth in key markets. WCB has developed new business in Russia, China and Indonesia with an increasing demand for Australian products in these markets. These markets will continue to be a focus going forward.

Milk volumes are expected to increase in FY2015 with improved seasonal conditions and additional supply arrangements.

The Company intends to continue to improve its efficiencies, while remaining committed to producing quality products, innovation and internal growth. WCB intends to accelerate its growth activities, invest in capital projects, increase manufacturing capacity, grow milk intake and create new opportunities.

No final dividend was declared for FY2014 and the Board does not intend to declare any as the Directors have decided to retain cash for investment into the business for growth, investment and development.

Executive Team

Anthony Cook
General Manager – Milk Supply
B Bus, CA

Mr Cook's responsibilities include milk supply and trading and field services. He joined the Company in 2000 after 12 years experience in various finance and advisory roles. Mr Cook held several senior finance positions after gaining experience domestically and internationally in audit and corporate advisory roles with a focus on the manufacturing sector.

William Hannah
Chief Financial Officer
B Com, MBA, FCPA, FCSA, FCIS, GAICD

Mr Hannah is responsible for the strategic direction and management of the financial, taxation and treasury functions and the provision of reliable business controls and financial risk management. He has been an employee since 1998. Mr Hannah has over 40 years of ASX-listed company experience in senior financial, secretarial and commercial management positions.

Bernard Kavanagh
General Manager – Corporate Development
B Com, FCSA, FCIS, AFAIM, FAICD

Mr Kavanagh is responsible for strategic planning, corporate development and for pursuing profitable growth opportunities. He has held senior management positions in a number of areas including finance, accounting, investor relations and growth. He has extensive experience in the dairy industry including with alliances and joint ventures both in Australia and overseas. He is currently a Director of Great Ocean Ingredients Pty Ltd and Warrnambool Cheese and Butter Japan Company Limited. He commenced employment with the company in 1978.

David Lord
Chief Executive Officer
Grad Dip Bus (Mgt), MBA, MAICD

Mr Lord has spent 30 years in the fast-moving consumer goods sector of the food industry in various sales, marketing, operational and general management roles. He spent 14 years at Parmalat Australia Ltd, holding the position of CEO and Managing Director for eight years. He is currently a Director of Great Ocean Ingredients Pty Ltd and Warrnambool Cheese and Butter Japan Company Limited and was a Director, prior to resigning on 9 May 2014, of Warrnambool Cheese and Butter Factory Company Holdings Limited from June 2010.

Ross Martin
General Manager – ICT/PMO
BSc.

Mr Martin's responsibilities include leading the Information Technology Team as well as Program Portfolio Management for key business projects. Mr Martin has over 36 years of dairy/beverage industry experience in diverse senior management roles with large ASX-listed and multinational FMCG companies. He commenced employment with the company in 2013.

Paul Moloney
Company Secretary
B Bus, CPA

Mr Moloney is responsible for advising the Board and the Company in corporate governance practices, management of the legal, risk and investor relations functions and for statutory, ASX and company compliance issues. Mr Moloney commenced employment with WCB in 2001 and prior to becoming Company Secretary had 20 years of domestic and international experience in a number of financial roles. He is currently Company Secretary for Great Ocean Ingredients Pty Ltd and is responsible for the secretarial duties of Warrnambool Cheese and Butter Japan Company Limited.

William Slater
General Manager – Retail Dairy

Mr Slater is responsible for management of sales, marketing and distribution of the Company's retail dairy products in the Australian domestic market and packaged consumer products internationally. He joined WCB in 2002 having gained 28 years experience in both domestic and international retail management. He has held several key management positions in enterprises involved in the sales and distribution of retail branded products.

Richard Wallace
General Manager – Operations
Dip Dairy Technology, MBA

Mr Wallace's areas of responsibility include the management of the Company's production facilities and related services, along with milk transport. He joined the Company in 1996 and has 25 years experience in the dairy industry holding a number of key management positions within manufacturing. He is currently a Director of Great Ocean Ingredients Pty Ltd.

John Williams
General Manager – Sales, Marketing & Innovation
B Ec (Asian Studies), Grad Dip International Business, FAICD, FARL

Mr Williams has 24 years experience in trading hard and soft commodities with a focus on agricultural products mainly to the Asian region. He is responsible for sales, marketing and distribution of the Company's bulk dairy products both internationally and domestically. He also oversees the Company's research and development program and warehousing and logistics. He is currently a director of Australia's dairy industry peak body, Australian Dairy Industry Council Inc. and Dairy Innovation Australia Limited, and Vice President of the Australian Dairy Products Federation. He has been an employee since 2000.

Corporate Governance Report

The Board is responsible for the governance of the Company, and oversees its operations and financial performance. It sets strategic direction, determines the appropriate risk profile and management systems, and monitors compliance in terms of the regulatory regime. Governance is of vital importance to the Company and is discussed in this section.

Summary

The ASX has produced governance principles and guidelines for adoption by listed entities on an “if not, why not” basis. By way of summary, the recommendations and their compliance or otherwise by the Company are stated in the table below.

No.	Principle/Recommendation	WCB Response
1	**Principle 1: Lay solid foundations for management and oversight**	
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	WCB has established charters for the Board and its committees as well as policies detailing executive responsibilities and authorities.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Done in the remuneration report in this document.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Done in this report.
2	**Principle 2: Structure the board to add value**	
2.1	A majority of the board should be independent directors.	Does not comply. Independent directors are not in the majority as four of the five directors are not considered independent. With two directors representing controlling shareholder Saputo Dairy Australia Pty Ltd and two directors supplying milk to the Company.
2.2	The chairperson should be an independent director.	Does not comply. Representative Director for Saputo Dairy Australia Pty Ltd, the controlling shareholder, Lino A. Saputo, Jr., is the chairperson.
2.3	The same individual should not exercise the roles of chairperson and chief executive officer.	Complies
2.4	The board should establish a nomination committee.	Complies
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Complies, see this report.
2.6	Provide the information indicated in Guide to reporting on Principle 2.	Complies, see this report.
3	**Principle 3: Promote ethical and responsible decision making**	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: a. the practices necessary to maintain confidence in the company’s integrity; b. the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and c. the responsibilities and accountabilities of individuals for reporting and investigating reports of unethical practices.	Complies, see this report.
3.2	Companies should establish a diversity policy and disclose that policy or a summary of that policy.	Complies, see this report.
3.3	Companies should disclose in their Annual Report the measureable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	Generally complies, see this report.
3.4	Companies should disclose in each Annual Report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Complies, see this report.
3.5	Provide the information indicated in Guide to reporting on Principle 3.	Complies, see this report.

Corporate Governance Report

No.	Principle/Recommendation	WCB Response
4	**Principle 4: Safeguard integrity in financial reporting**	
4.1	The board should establish an audit committee.	Complies, see this report.
4.2	Structure the audit committee so that it consists of: • only non executive directors • a majority of independent directors • an independent chairperson, who is not chairperson of the board • at least three members.	Generally complies, see this report.
4.3	The audit committee should have a formal charter.	Complies, see this report.
4.4	Provide the information indicated in Guide to reporting on Principle 4.	Complies, see this report.
5	**Principle 5: Make timely and balanced disclosure**	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Complies, see this report.
5.2	Provide the information indicated in Guide to reporting on Principle 5.	Complies, see this report.
6	**Principle 6: Respect the rights of shareholders**	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Complies, see this report.
6.2	Provide the information indicated in Guide to reporting on Principle 6.	Complies, see this report.
7	**Principle 7: Recognise and manage risk**	
7.1	The board or appropriate board committee should establish policies on material risk oversight and management.	Complies, see this report.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and to report to it on whether those risks are being effectively managed. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material risks.	Complies, see this report.
7.3	The board should disclose whether it has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control which implements the policies adopted by the board and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complies, see this report.
7.4	Provide the information indicated in Guide to reporting on Principle 7.	Complies, see this report.
8	**Principle 8: Remunerate fairly and responsibly**	
8.1	The board should establish a remuneration committee.	Complies, see this report.
8.2	Structure the remuneration committee so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members	Generally complies, see this report.
8.3	Companies should clearly distinguish the structure of non executive directors' remuneration from that of executive directors and senior executives.	Complies, see this report.
8.4	Provide the information indicated in Guide to reporting on Principle 8	Complies, see this report.

Board Constitution

A new constitution was adopted at the May 2014 general meeting of the Company to enable a restructure of the Company's Board following Saputo Dairy Australia Pty Ltd gaining control of the Company on 21 January 2014. This constitution provides for a minimum of five Directors. The Board as at 30 June 2014 consisted of five Directors: Louis-Philippe Carrière, Neville Fielke, Lino A. Saputo, Jr., Terence Richardson and Bruce Vallance. Dino Dello Sbarba is an Associate Director. Details of the Directors' experience, expertise, qualifications, term of office and relationships affecting their independence are set out in the Directors' Report on pages 11 and 12.

The Board, after reviewing legal advice, determined that the Directors who represent controlling shareholder Saputo Dairy Australia Pty Ltd, Louis-Philippe Carrière and Lino A. Saputo, Jr., could not be regarded as "independent" within the meaning of the ASX Governance Council Guidelines (the Guidelines) having regard to their senior executive positions with Saputo Inc., parent company of Saputo Dairy Australia Pty Ltd.

The Board, after reviewing legal advice, determined that Directors Terence Richardson and Bruce Vallance who supply milk to the Company – even though the milk supply contracts with those Directors are on identical terms as other suppliers and are not negotiated individually with those Directors – could not be regarded as "independent" within the meaning of the ASX Governance Council Guidelines (the Guidelines) having regard to their personal interest in milk supply contracts with the Company.

Thus, the Board does not consist of a majority of "independent" members, as recommended by the Guidelines.

The Company's constitution can be found in the corporate governance section of the Company's website www.wcbf.com.au.

Board Structure

The Board has adopted formal written charters detailing the roles and responsibilities of the Board, Chairman and CEO to ensure these roles are clearly defined and separated. Different individuals exercise the role of Chairman and CEO. The Board Chairman, Mr Saputo, Jr., is one of the Directors defined by the Board not to be "independent".

The Chairman is responsible for the setting of the Board meeting agenda. The Board and Committee charters are subject to regular review to ensure they are appropriate in the current circumstances. The members of the Board meet on a regular basis without a management presence. Day-to-day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the CEO.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice, at the Company's expense.

Where individual Directors wish to seek independent professional advice the issue is to be discussed with the Chairman of the Board who will determine whether or not the Company will cover the cost of the independent professional advice.

Board Committees

The Directors establish board committees whose function is to assist the Board to carry out its duties in specific areas. In this respect the Audit & Risk, Nominations & Remuneration and Supplier Relations & Pricing Policy committees assist the Board in meeting its statutory and stakeholder commitments and obligations. All committees report to the Board on a regular basis.

Audit & Risk Committee

Under its charter, the Audit & Risk Committee reviews the appropriateness of the Company's accounting systems, procedures and controls, and ensures there is regulatory and statutory compliance, risk management and review of the audit function. The committee meets regularly and makes appropriate recommendations to the Board as required. The current committee members are Neville Fielke (Chairman), Louis-Philippe Carrière, Lino A. Saputo, Jr., Terence Richardson and Bruce Vallance, with assistance from Associate Director Dino Dello Sbarba.

The Board through the Audit & Risk Committee appoints external auditors who clearly demonstrate quality and independence. Coffey Hunt has been the Company's auditor for a number of years. It is Coffey Hunt's policy to rotate audit engagement partners at least every five years unless the Board approves the extension of an audit partner's involvement in the audit for a further two years.

A majority of members are not within the adopted definition of "independent", reflecting the current Board membership, but are non executive members of the Board. Mr Fielke, an independent member of the Board, chairs the committee with members shown above. Mr Fielke has had commercial, strategic, sales and marketing experience and has previously held senior executive, including CEO, employment positions. Other members of the committee have commercial, finance and accounting experience as set out in their profiles. The Company's auditors, Coffey Hunt, participate in the committee meetings on invitation. The auditors periodically meet with the committee without management being present.

Nominations & Remuneration Committee

The purpose and charter of this committee is to make recommendations as to the appointment of senior executives, non executive and executive directors; board and CEO remuneration matters; general personnel issues such as succession planning and salary packages; development and implementation of programs for director training and education; and evaluation and monitoring of the Board's performance. The current committee members are Neville Fielke (Chairman), Louis-Philippe Carrière, Lino A. Saputo, Jr., Terence Richardson and Bruce Vallance, with assistance from Associate Director Dino Dello Sbarba. Having regard to the adopted definition of "independent", the majority of the committee are not independent.

Supplier Relations & Pricing Policy Committee

The purpose and charter of this committee is to recommend the payment systems, productivity amounts and incentives for milk payments; to liaise with and be an effective communication channel between the Company and its milk suppliers by organising functions, events and surveys; to arrange for various communications in a timely manner; to recommend to the Board where WCB should seek industry representation, or should support representation by other entities or individuals; to make recommendations to the Board regarding the Company's position in relation to industry policy initiatives; and to ensure that relevant issues are communicated to WCB stakeholders as appropriate. The Board determines the milk price upon recommendations from management. The current committee members are Bruce Vallance (Chairman), Neville Fielke and Terence Richardson. Having regard to the adopted definition of "independent", the committee Chairman is not independent and a majority of the committee are not independent.

Corporate Governance Report

Board and Management Performance

The performance of the Board, Directors and senior management is reviewed on a regular basis. The Board, through its Nominations & Remuneration Committee, has implemented a system of board and director assessment which presently is by a process of both self and peer evaluation.

Senior management's performance is formally reviewed by the CEO as part of an annual performance and remuneration review process. The review process takes place in August each year. The performance of the CEO is reviewed annually by the Chairman and by the Board in a non executive session. The CEO's performance was last reviewed in August 2013.

Director and Executive Remuneration

Details of director and executive remuneration are stated in the Remuneration Report following this section. Remuneration for former Associate Director Bruce Morley was at the same level as other directors and remuneration for former Associate Director John McLean was $120,000 per year, which included consultancy fees as well as director's fees. Following his resignation as an Associate Director Mr McLean was employed by the Company as a consultant on the same terms.

Recognition of the Legitimate Interests of Stakeholders

Throughout its history, the Company has recognised that in addition to its shareholders, other groups such as milk suppliers, employees, customers and the wider local community are legitimate stakeholders in the Company's business. This has been recognised by the establishment of the Supplier Advisory Forum and by donations to community projects and clubs. Formal recognition of these interests is contained in the Corporate Social Responsibility Policy.

Rights of Shareholders

The CEO is responsible for implementing the communications strategy. The process is assisted by a website to improve shareholder communication and to make public various Company publications in an electronic format. Shareholder communications are also enhanced by the presence of the auditors at the Annual General Meeting (AGM) with the Chairman's announcement that the auditors are present and available to answer questions regarding the conduct of their audit.

Financial Reporting

The Board, through its Audit & Risk Committee, has implemented steps to assist in the verification and safeguarding of the integrity of the Company's financial reporting system. The Chief Executive Officer and Chief Financial Officer attest to the accuracy, correctness and compliance with accounting standards and statutory regulation of the accounts. The composition and processes of the Audit & Risk Committee have been structured and established in accordance with the ASX guidelines, further enhancing the integrity of the financial reporting process.

Market Disclosure

The *Corporations Act 2001* (Cwlth) imposes continuous and periodic disclosure obligations to the ASX as well as its statutory obligations of disclosure. To enable the Company to comply with its disclosure obligations it has adopted a Continuous Disclosure Policy and associated procedures. In brief terms, the policy provides for a process of notification of matters that may be required to be disclosed to the market. The CEO, in consultation with the Board where appropriate or necessary, is responsible for deciding if information should be disclosed to the ASX.

The announcements made to the ASX to date are available on the ASX website.

Risk Management

The Company, through the executive team and the Audit & Risk Committee, continually reviews its risk profile. The Company has implemented an Internal Risk Review program to identify and manage risks. To assist in the management of risk, the Company has a number of policies that address both operational and financial risk. These policies include risk management, occupational health and safety, foreign exchange hedging, fraud and corruption, share trading, continuous disclosure, whistleblower and credit control.

Ethical Decision Making

The Board has taken steps to promote ethical and responsible decision making within the Company. The Board has adopted a Code of Conduct applicable to both Directors and senior executives. The Board has also implemented a general Code of Conduct for employees. The Code covers such topics as conflicts of interest, fair dealing of fellow employees, suppliers and customers, the protection of Company assets and opportunities, and the encouragement of the reporting of unlawful or unethical behaviours. To complement the codes, the Company has adopted whistleblower and fraud and corruption control policies.

The Company has also adopted a share trading policy that regulates share trading by Directors, Associate Directors, senior management and specified employees who have day-to-day access to the Company's financial position. The policy only allows limited share trading periods after major market announcements such as the release of financial results, both annual and half yearly, and the AGM. The Board, Chairman and Company Secretary monitor the policy. The statutory provisions contained in the Corporations Act "insider trading" provisions supplement the policy.

Company Secretary

The Company Secretary is Paul Moloney who has held that position since December 2011. Mr Moloney holds a Bachelor of Business and is a qualified member of the Certified Practicing Accountants of Australia. Prior to his appointment as Company Secretary, he had had 20 years experience, both domestic and international, in a number of financial roles.

Diversity Issues

WCB's Diversity Policy, adopted in 2011, continues to support a culture of attracting, retaining and developing a diverse range of talent. The principles of the Policy also support the Company's Equal Employment Opportunity (EEO) Policy. In August 2013, a Diversity Council was established with the charter to promote diversity within WCB through enhancing awareness of diversity and inclusion concerns, raising critical diversity issues and providing guidance on policies and programs to address diversity issues. WCB's 2013 annual mandatory EEO training, with an "Anti Harassment and Bullying" theme, was successfully rolled out across the business in interactive workshops.

The proportion of women in WCB's workforce has remained stable at 28% with 33% of new hires for the year being female. The WCB Parental Leave Policy continues to support females returning from maternity leave with flexible work options.

Diversity objectives include ongoing recruitment training to reinforce merit based recruitment processes, leadership and talent development with a focus on developing women into leadership roles, and continuing review of WCB workforce metrics to identify diversity factors that impact on the business.

Directors

The names and details of the Directors of the Company in office at the end of the financial year and during the whole of the financial year, unless stated otherwise, and until the date of this report are as follows:

Lino A. Saputo, Jr.

Formal Qualifications: B Arts (political science)

Position: Non Executive Director and Chairman

Experience & Expertise: Non Executive Director and Chairman from 9 May 2014. Joined Saputo Inc. in 1988 as Administrative Assistant. Saputo is one of the top ten dairy processors in the world. In 1993, he was named Vice President, Operations and Engineering, and in 1998, Executive Vice President, Operations. In 2001, he became President and Chief Operating Officer of the Cheese Division (USA). In 2004, he was appointed to the position of President and Chief Executive Officer and in 2011, he was elected to the position of Vice Chairman of the Board of Saputo Inc.

Other Current Directorships: Saputo Inc., Transcontinental Inc. and National Bank of Canada

Former Directorships in the last 3 years: none

Special Responsibilities: member of Audit & Risk and Nominations & Remuneration Committees

Interests in Shares: Mr Saputo, Jr. is the Chief Executive Officer and Vice Chairman of the board of directors of Saputo Inc., which has a relevant interest in 49,321,980 shares (87.92%) of the Company. In addition, he has a personal interest in Jolina Capital Inc., the principal shareholder of Saputo Inc.

Louis-Philippe Carrière

Formal Qualifications: B Man, CPA certification from the Order of Professional Chartered Accountants of Québec, FCPA, FCA, Fellow of the Order of Professional Chartered Accountants of Quebec

Position: Non Executive Director

Experience & Expertise: Non Executive Director from 9 May 2014. Joined Saputo Inc. as Supervisor of Accounting in 1986. Saputo is one of the top ten dairy processors in the world. In 1988, he was named Director of Accounting and, in 1996, assumed the responsibilities of Corporate Controller. Within a year, he was named Vice President, Finance and Administration. Since 1998, he has been acting as Executive Vice President, Finance and Administration of Saputo Inc.

Other Current Directorships: none

Former Directorships in the last 3 years: none

Special Responsibilities: member of Audit & Risk and Nominations & Remuneration Committees

Interests in Shares: Mr. Carrière is the Executive Vice President – Finance and Administration of Saputo Inc. which has a relevant interest in 49,321,980 shares (87.92%) of the Company.

Neville Fielke

Formal Qualifications: B Econ, FAICD, FAMI

Position: Independent Non Executive Director from 28 August 2013

Experience & Expertise: Independent Non Executive Director from 28 August 2013. He has held a number of senior executive positions in sales, marketing and strategy over 20 years to 2007 at H J Heinz group companies, Fosters Group Limited and Mars group companies, including seven years as CEO and Managing Director of H J Heinz Australia Ltd which extended to Watties in New Zealand and Heinz Japan during this period. He was also CEO and Managing Director of Racing Victoria Ltd 2001–2003. Since 2007, he has been involved in corporate advisory as a director of Falcon Corporate Advisory Pty Ltd which specialises in merger and acquisition transactions and growth consulting through Growth Solutions Group Pty Ltd

Other Current Directorships: Falcon Corporate Advisory Pty Ltd

Former Directorships in the last 3 years: none

Special Responsibilities: Chairman of Audit & Risk and Nominations & Remuneration Committees and member of Supplier Relations & Pricing Policy Committee

Interests in Shares: none

Terence Richardson

Formal Qualifications: B Ag Econ, Dip Bus St, Cert Co Dir, MAICD

Position: Non Executive Director

Experience & Expertise: Director from 2007, Chairman from August 2013 to May 2014 and dairy farmer for 35 years. He was a director of Kiwi Co-Operative Dairies Ltd for seven years and an agribusiness consultant with Agriculture New Zealand

Other Current Directorships: none

Former Directorships in the last 3 years: none

Special Responsibilities: member of Audit & Risk, Nominations & Remuneration and Supplier Relations & Pricing Policy Committees

Interests in Shares: none

Bruce Vallance

Formal Qualifications: Dip App Sci (Ag), GAICD

Position: Non Executive Director

Experience & Expertise: Associate Director from 2006 to 2009, Director from May 2009 and dairy farmer for 24 years

Other Current Directorships: none

Former Directorships in the last 3 years: none

Special Responsibilities: Chairman of Supplier Relations & Pricing Policy Committee and member of Audit & Risk and Nominations & Remuneration Committees

Interests in Shares: none

The names and details of the Directors of the Company, who were in office during the financial year and no longer in office at the end of the financial year, are as follows:

R.A. Andrew Anderson

Formal Qualifications: B Com, M Admin, Dip Educ, ACIS

Position: Supplier Director until resignation on 9 May 2014

Experience & Expertise: Supplier Director from July 2009 to May 2014. He was formerly the Senior Lecturer in Accounting and Finance at Deakin University (Warrnambool) and is an accountant in practice operating his own business specialising in rural accounting and finance. He and his wife have operated Rossander Angus, a stud angus breeding enterprise for 40 years, as well as a dairy farming operation for the past 12 years

Other Current Directorships: Brauerander Park Foundation Pty Ltd and private companies

Former Directorships in the last 3 years: none

Special Responsibilities: member of Audit & Risk and Nominations & Remuneration Committees

Interests in Shares: none

Kay Antony

Formal Qualifications: Dip Ag, GAICD

Position: Supplier Director until resignation on 9 May 2014

Experience & Expertise: Supplier Director from October 2010 to May 2014. She has been a dairy farmer for 17 years and a former director of Westvic Dairy

Other Current Directorships: none

Former Directorships in the last 3 years: none

Special Responsibilities: member of Audit & Risk and Supplier Relations & Pricing Policy Committees

Interests in Shares: none

Michael Carroll

Formal Qualifications: B Ag Sci, M Bus Admin, Ad Mgt Program, FAICD

Position: Independent Non Executive Director until resignation on 9 May 2014

Experience & Expertise: Independent Non Executive Director from August 2009 to May 2014. He has over 25 years experience in the food, agribusiness and finance sectors including 18 years at NAB Ltd

Other Current Directorships: Sunny Queen Pty Ltd, Queensland Sugar Limited, Select Harvests Ltd, Rural Finance Corporation, Geoffrey Gardiner Dairy Foundation Limited, Rural Funds Management and Rural Funds Farming

Former Directorships in the last 3 years: MLA Donor Company Ltd, The Australian Farm Institute, Meat and Livestock Australia Ltd and Drapac Agriculture Pty Ltd

Special Responsibilities: Chairman of Nominations & Remuneration Committee, member of Supplier Relations & Pricing Policy Committee

Interests in Shares: none

Francis Davis

Formal Qualifications: FCPA, F Fin, FAIM, FAICD

Position: Independent Non Executive Director and Chairman until resignation on 28 August 2013

Experience & Expertise: Independent Non Executive Director from 2000, former executive of NAB Ltd for over 30 years

Other Current Directorships: none

Former Directorships in the last 3 years: Genetics Australia Ltd

Special Responsibilities: ex-officio member of all committees except Audit & Risk

Interests in Shares: none

John Gall

Formal Qualifications: FAICD

Position: Supplier Director until not seeking re-election at the 2013 AGM

Experience & Expertise: Supplier Director between 1990 and 2007 and from October 2010 to October 2013, and a dairy farmer for over 40 years

Other Current Directorships: none

Former Directorships in the last 3 years: none

Special Responsibilities: member of Audit & Risk and Supplier Relations & Pricing Policy Committees

Interests in Shares: none

Robert Lane

Formal Qualifications: B Bus, CPA, MBA

Position: Independent Non Executive Director from October 2013 until resignation on 9 May 2014

Experience & Expertise: Independent Non Executive Director from October 2013 to May 2014. He has had extensive experience in business advisory roles over the last decade and has been a Director of SED Consulting group companies since 2001. Former Chairman of Warrnambool based South West Credit Union. Previously spent eight years from 1993 as Company Secretary of Warrnambool Co-operative Society and eight years as an accountant with BP Australia from 1986, with part of that time spent working in London and Sydney

Other Current Directorships: SED Advisory, South West Credit Union, Genr8, LRM Pty Ltd, Job Control Pty Ltd, RBMS Pty Ltd, Robeson Investments Pty Ltd, SED Partners Pty Ltd

Former Directorships in the last 3 years: none

Special Responsibilities: member of Audit & Risk and Supplier Relations & Pricing Policy Committees

Interests in Shares: none

David Lord

Formal Qualifications: Grad Dip Bus (Mgt), MBA, MAICD

Position: Managing Director until resignation on 9 May 2014 and Chief Executive Officer

Experience & Expertise: Managing Director until May 2014 and Chief Executive Officer since June 2010. He has been employed in the food industry for over 30 years, mostly in the fast-moving consumer goods sector, including eight years as Managing Director and Chief Executive Officer of Parmalat Australia Ltd

Other Current Directorships: WCB subsidiary and joint venture companies

Former Directorships in the last 3 years: none

Special Responsibilities: member of Supplier Relations & Pricing Policy Committee

Interests in Shares: none

John McLean

Formal Qualifications: FIDM, FAICD

Position: Associate Director until resignation on 9 May 2014

Experience & Expertise: Associate Director from June 2010 until May 2014. Executive Director from 2000 until his retirement in 2007. He was then reappointed in April 2009 until June 2010. Employee of the Company for over 50 years including 32 years in the role of Manager/ Chief Executive Officer

Other Current Directorships: Chairman Dairy Technical Services Ltd

Former Directorships in the last 3 years: none

Special Responsibilities: member of Supplier Relations & Pricing Policy Committee

Interests in Shares: none

Bruce Morley

Formal Qualifications: B Com, ARMTC, FCPA, FCSA, FCIS, FAICD

Position: Associate Director until resignation on 9 May 2014

Experience & Expertise: Independent Non Executive Director from 2000 to 2010 and Associate Director from November 2010 to May 2014. Former Executive Director of Sigma Company Limited (now Sigma Pharmaceuticals Limited)

Other Current Directorships: none

Former Directorships in the last 3 years: Lyppard Australia Limited

Special Responsibilities: member of Audit & Risk and Nominations & Remuneration Committees

Interests in Shares: none

Raymond Smith

Formal Qualifications: FCPA, FAICD, Dip Com

Position: Independent Non Executive Director until his resignation on 9 May 2014

Experience & Expertise: Independent Non Executive Director from May 2013 to May 2014. Former Chief Financial Officer of Smorgon Steel Group Ltd for 11 years

Other Current Directorships: Transpacific Industries Group Ltd, Crowe Horwath Australasia Ltd (formerly WHK Group Ltd) and K&S Corporation Ltd and is also a trustee of the Melbourne & Olympic Parks Trust

Former Directorships in the last 3 years: Wilmott Forests Limited

Special Responsibilities: Chairman of Audit & Risk Committee, member of Supplier Relations & Pricing Policy Committee

Interests in Shares: none

Directors’ Statutory and Remuneration Report

Statutory Report

The Directors submit their report of Warrnambool Cheese and Butter Factory Company Holdings Limited and the entities it controlled (WCB) at the end of and during the year ended 30 June 2014.

On 21 January 2014, Saputo Dairy Australia Pty Ltd, a wholly owned subsidiary of Saputo Inc., gained control of the Company after acquiring greater than 50% of the shares in the Company. At the close of Saputo Dairy Australia Pty Ltd’s takeover offer on 12 February 2014, it held, and holds as at the date of this report, 87.92% of the shares in the Company.

Principal Activities

The principal activities of WCB during the course of the financial year were the manufacture, processing and sale of cheese, milk powder, butter, cream, whey protein concentrate, lactoferrin, and bulk and processed milk. The commencement of the manufacture, processing and sale of lactoferrin was the only change in those activities in the 2014 financial year.

Results

The net profit after tax attributable to members of Warrnambool Cheese and Butter Factory Company Holdings Limited is $21.3 million.

Directors’ Benefits

No Director of the Company, since the end of the 2013 financial year, has received or become entitled to receive a benefit of a contract made by the Company with the Director or with a firm of which he/she is a member, or with a Company in which he/she has a substantial interest other than:

(i) an amount paid or receivable as remuneration for acting in the capacity of director as contained in the Remuneration Report of this report

(ii) an amount paid or payable as a result of a contract to supply milk and associated dealings on terms identical to other non director milk suppliers

(iii) an amount paid or payable in accordance with Article 59.6 of the Company’s constitution for reimbursement of out-of-pocket expenses incurred in carrying out Company business

(iv) in respect of Mr Richardson through a related party, has an interest-free feed/fertiliser advance of $34,105 which is due to be repaid in full by 12 February 2015. The advance was provided on an identical basis to other non director suppliers.

Significant Changes in State of Affairs of the Group

In the Directors’ opinion, there were no significant changes to the state of affairs of the Company or any of its subsidiaries during the 2014 financial year not otherwise disclosed in this report.

Events Subsequent to Balance Date

Other than that disclosed in the Notes to the financial accounts there were no events that occurred subsequent to the balance date that require disclosure.

Review of Operations, Financial Position, Business Strategies and Prospects

Information regarding the Company’s business operations is contained in the Operations Review.

Future Developments and Results

The Company and its subsidiaries will continue to pursue their vision to be Australia’s leading milk processing company. There is a continuing general trend in the Australian dairy industry towards globalisation and rationalisation. The Company is positioned to take advantage of opportunities arising from this process.

The Company will continue to develop its business strategies, as outlined in the CEO’s report. Any further details under this heading would in the Directors’ opinion cause unreasonable prejudice to the interests of the Company.

Environmental Performance

The Company continues to generally comply with all current environmental legislation and has continued to improve its environmental performance throughout the year.

Environmental Regulation

The Company is subject to considerable environmental regulation as part of its food manufacturing operations. Its activities are licensed by the Environmental Protection Agency (EPA) to allow for discharges to air and discharges of treated wastewater to land. Wastes from the premises must not be discharged to the environment except in accordance with the licence.

The discharge of waste water to the sewer system is with the approval of Wannon Water. The EPA licence requires the Company to report to the EPA on an annual basis on performance against the licence.

The Company is also subject to the reporting requirements of the *Energy Efficiency Opportunities Act 2006* (Cwlth)*, the National Greenhouse and Energy Reporting Act 2007* (Cwlth) *the National Environment Protection Council Act 1994* (Cwlth) and the *National Environment Protection (National Pollutant Inventory) Measure 1998* (Cwlth).

The Energy Efficiency Opportunities Act has required the Company to assess its energy usage, including the identification, investigation and evaluation of energy-saving opportunities, and to report publicly on the assessments undertaken, including what action the Company intends to take as a result. The Act required the Company to assess 80% of its energy usage by the end of the five-year program on 30 June 2012. The Company has assessed more than 90% of its energy usage and the public reports are available on the Company’s website. The Company had continued assessment work into the second five-year cycle; however, the program was terminated in June 2014. Although the Act is yet to be repealed by government, there are now no requirements to report.

The National Greenhouse and Energy Reporting Act requires the Company to report its annual greenhouse gas emissions and energy use. The Company has implemented systems and processes for the collection and calculation of the data required and submitted annual reports for its corporate and Allansford and Mil Lel facilities.

Directors' Statutory and Remuneration Report

The *Clean Energy Act 2011* (Cwlth) requires the Company to assess its liable carbon dioxide emissions from facilities to determine if it directly emits more than 25,000 tonnes per year of liable carbon dioxide (excluding transport fuel) – the threshold for carbon trading. The Company did not emit above this threshold for FY2014 for any of its facilities.

The National Environment Protection Council Act requires the Company to report under the National Environment Protection (National Pollutant Inventory) Measure consumption and emission of designated pollutants.

A Groundwater Monitoring and Management Plan and a Long Term Soil Gas Monitoring and Management Plan developed as part of the groundwater Clean Up Notice requirement have been implemented. The plans and the annual report are currently being reviewed by an EPA auditor to assess the adequacy of the plans and incorporation of amendments to improve the plans based on further data obtained through testing performed over the 2014 financial year.

Dividends Paid

A fully franked final dividend payment for the financial year ending 30 June 2013 of 11.0 cents per share amounting to $6,077,079 was paid on 27 September 2013. No interim or final dividend for the financial year ending 30 June 2014 was declared.

Options

At the date of this report the Company has not issued any options over unissued shares or interests to any person. There are no unissued shares or interests in the Company.

Directors' Shareholdings

The particulars of shares held solely in the name of each Director as shown on the Register of Directors' Shareholdings and the particulars of shares in which the Directors had a relevant interest at the date of this report are shown in this report.

Indemnification/Insurance of Officers or Auditors

Details of this matter are shown in the Remuneration Report including director and executives disclosures.

Proceedings on Behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act for leave to issue 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. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under Section 237 of the Corporations Act.

Company Secretary

The qualifications and experience of the Company Secretary are shown in the Corporate Governance Report.

Auditor

Coffey Hunt continues in office in accordance with Section 327 of the Corporations Act. In the course of the 2014 financial year the auditors undertook non-audit work as detailed on this page. There are no company officers within the meaning of the Corporations Act who are former auditors.

Auditors Independence Declaration

The Company received from its auditors a declaration, a copy of which is reproduced on page 22.

Non-audit Services Provided by Auditors

The Group employs Coffey Hunt on assignments additional to their statutory audit duties as their expertise and experience with the Group are important. These assignments are principally small in nature and link closely to work performed during audit services. Details of the amounts paid or payable to the auditor (Coffey Hunt) for non-audit services provided during the year are set out below.

The Board has considered the position and, in accordance with the advice received from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act for the following reasons:

- All non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditors own work, acting in a management or a decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, the auditor's related practices and non-related audit firms:

	CONSOLIDATED	
	2014 $	2013 $
(a) Taxation Services		
Coffey Hunt		
Tax compliance services, including review of company tax returns	**5,062**	3,750
Total remuneration for taxation services	**5,062**	3,750
(b) Advisory services		
Coffey Hunt		
Other minor accounting services	**22,950**	400
Total remuneration for advisory services	**22,950**	400
Total remuneration for non-audit services	**28,012**	4,150

Remuneration Report

The Directors of Warrnambool Cheese and Butter Factory Company Holdings Limited present the Remuneration Report prepared in accordance with Section 300A of the Corporations Act for the Company for the year ended 30 June 2014. This Remuneration Report is audited.

This Remuneration Report is prepared in respect of the Key Management Personnel, being those persons who have authority and responsibility for planning, directing and controlling the activities of the Group. The Board has determined that the Key Management Personnel are:

- the non executive Directors of the Company as detailed earlier in the Annual Report
- those listed in the table below, referred to in this report as executives.

Name	Position
David Lord	Chief Executive Officer
Anthony Cook	General Manager Milk Supply
William Hannah	Chief Financial Officer
Bernard Kavanagh	General Manager Corporate Development
Ross Martin	General Manager ICT & Program Management Office
Paul Moloney	Company Secretary
William Slater	General Manager Retail Dairy
Richard Wallace	General Manager Operations
John Williams	General Manager Sales, Marketing & Innovation

All executives are employed by The Warrnambool Cheese and Butter Factory Company Limited.

Executive Remuneration Policy and Framework

The objective of the Group's reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns reward with achievement of strategic objectives and the creation of value for stakeholders, and conforms to market practice for delivery of reward. The Board ensures through the Nominations & Remuneration Committee that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent
- acceptable to stakeholders
- aligned to the Company's strategic and business objectives.

In consultation with external consultants, the Group has structured an executive remuneration framework that is market-competitive and complementary to the reward strategy of the organisation.

In assessing the appropriate remuneration structure and quantum, the Board takes into account market data for comparable roles within similar industries and ensures that remuneration is aligned to both stakeholder and executive interests.

Alignment to stakeholder interests:

- optimises returns to all stakeholders
- has profit as core component
- focuses on sustained growth and delivering constant return on assets
- attracts and retains high-calibre executives.

Alignment to executive interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth and profits
- provides clear structure for earning rewards.

The framework provides a mix of fixed and variable pay and a blend of short term and long term incentives as detailed below in Executive remuneration.

Role of the Nominations & Remuneration Committee

- To determine and review remuneration arrangements for the Directors, CEO and senior executives with due regard to independence, appropriateness and performance.
- To provide assurance to shareholders that the Company's strategies and decisions relating to remuneration are formulated and implemented with the overall objective of ensuring stakeholder benefit from the retention of a high-performing board and executive team.
- To make recommendations to the Board on a periodic basis by reference to relevant market conditions on:
  - CEO remuneration
  - assessment of the appropriateness of the nature and amount of remuneration of executives
  - director fees and committee allowances.

Further details of the committee functions, role, membership and meetings are set out in the Corporate Governance section of this Annual Report.

Voting and Comments Made at the Company's 2013 Annual General Meeting

At the Company's 2013 AGM, the remuneration report was passed on a poll. The resolution seeking approval of the issuing of performance rights to the CEO was also passed on a poll. The Company received some questions on Short Term Incentives (STIs) and the Long Term Incentive (LTI) Plan and the issuing of performance rights. The Chairman responded to the questions.

Executive Remuneration Structure

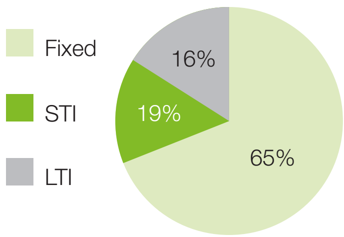
The CEO's total pay is reviewed annually by the Board, on the recommendation of the Nominations & Remuneration Committee, with reference to market-comparative data and individual performance.

Other executives are offered a competitive total pay based upon external remuneration consultants' benchmarking reports to ensure that total pay is reflective of the respective performance requirements of the position and the market for a comparable role. Total pay is reviewed annually by the CEO, with reference to market-comparative data, experience and performance.

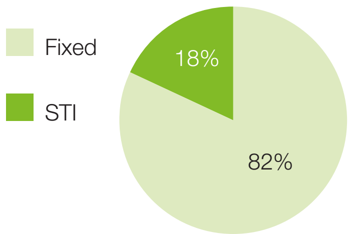
Executive remuneration (total pay) is made up of fixed pay and variable pay (STIs and LTIs). For FY2014 the set mix of pay was as per below.

Directors' Statutory and Remuneration Report

CEO Remuneration Mix



Other Executives Average Remuneration Mix



1. Fixed Pay

Included in fixed pay are the following elements:

- base salary
- superannuation
- motor vehicle benefit or allowance
- annual leave loading
- other benefits as agreed with the Company.

Base salary

Executives have the option of receiving base salary in a variety of forms including cash and fringe benefits such as a motor vehicle. It is intended that the manner of payment is flexible without creating any additional cost to the Company.

Superannuation

For executives, the superannuation component is based on statutory superannuation obligations, on either the maximum earnings base, as amended each year by the ATO, or on base salary. In either case, it is included within the total package value. Executives, at their discretion, can choose to salary sacrifice part of base salary into superannuation contributions above the level of the Company's statutory superannuation obligations.

The Company has a target funding superannuation obligation for one executive, Bernard Kavanagh, of the lump sum Retirement Benefits Limit at age 65.

2. Variable Pay (Incentive Scheme)

Executives participate with a number of other senior staff in an incentive scheme, which can be a mix of short term and long term incentives for the CEO and STIs for other executives. The scheme is designed to reward participants for their contribution to Company performance and shareholder returns. Its application in any particular year is determined by reference to the achievement of both corporate and individual Key Performance Indicators (KPIs).

Incentives payable for FY2014 have been accrued at 100% of eligible incentive, with the final amount payable to each executive to be determined in the first quarter of FY2015.

(a) Short term incentives

Each participant in the scheme is set a number of KPIs designed to, if achieved, result in strengthening the Company's performance. KPIs are agreed to at the beginning of the financial year and assessed at the completion of the year.

The Board, in consultation with the CEO, establishes measures for determining whether the CEO is to be paid an STI and the amount of that incentive. The CEO's STI is set at a maximum of $200,000. KPIs for the CEO are set in agreement with, and assessed by, the Board.

Other executive's incentives are normally set at a maximum 20% of their base salary, with up to an extra 5% added in FY2014 as an incentive to achieve an above budget net profit after tax (NPAT). Details of the extra incentive are outlined below. KPIs for other executives are set in agreement with, and assessed by, the CEO.

The amount of the STI allocated to the achievement of corporate KPIs is 60% and the amount of the STI allocated to achievement of individual KPIs is 40%.

Corporate KPIs for FY2014 focused on a financial return target for net profit after tax. Individual KPIs for FY2014 focused on incremental and transformational change aligned with the Company's strategic initiatives.

In FY2014, while individual KPIs were set for each other executive, the percentage of achievement of these individual KPIs will be collated and an average collective percentage achieved will be used to calculate the incentive payable for each other executive and the CEO. This was implemented to create alignment of the executive team to the achievement of the Company's strategic initiatives.

The Board approved a one-off increase of up to 5% in the STI for FY2014 for the achievement of an over budget NPAT. The extra incentive targets and corresponding incentive percentage payable are detailed in the table below.

Target	Incentive Payable
NPAT 11% above budget	2%
NPAT 22% above budget	4%
NPAT 33% above budget	5%

(b) Long term incentives

The details of the LTI Plan were presented to and approved by shareholders at the 2012 AGM.

Board's objectives in introducing a plan for the CEO were to:

- align the remuneration and interests of the CEO to the Group's long term business strategy
- increase the proportion of remuneration for the CEO that is variable, striking a balance between short term and long term performance
- ensure retention of the CEO through an overall competitive and performance based remuneration package.

Following is a summary of the LTI Plan for FY2014.

LTI Plan Summary for FY2014

Eligibility

For FY2014 the CEO was the sole participant in the plan.

Quantum

For the year commencing 1 July 2013, the LTI opportunity was 25% of total fixed remuneration for the CEO, which equated to $175,000. The number of performance rights granted to the CEO was 60,659 (i.e., $175,000/$2.885).

Combined with the 68,627 performance rights issued to the CEO in FY2013, a total of 129,286 performance rights were issued under the plan.

Consideration

The Performance Rights were granted to the CEO for no consideration.

Early vesting

The grant of Performance Rights would vest over three years or earlier at the discretion of the Board. On 21 January 2014, Saputo Dairy Australia Pty Ltd gained control of the Company, which under the plan was an early vesting trigger event. The Board resolved that the 129,286 performance rights issued to the CEO under the plan would vest as at the change of control date.

The Company subsequently issued the CEO 129,286 shares in the Company which were sold to Saputo Dairy Australia Pty Ltd for the takeover bid price of $9.40. The value of the performance rights issued to the CEO, as calculated under Australian Accounting Standards, is disclosed in the executive remuneration table under LTIs.

For the year ended 30 June 2014 there are no unvested performance rights.

Other than shares issued pursuant to the LTI Plan and Employee Share Plan there are no shares, share options, unissued shares or interests or rights in shares given to any executive. There is no current obligation upon the Company to issue any further shares under the Company Employee Share Plan.

Following the takeover of the Company by Saputo Dairy Australia Pty Ltd, a review of the LTI Plan determined it was no longer a relevant tool for long term incentive remuneration. As such the LTI Plan was terminated by the Board at its August 2014 meeting.

Details of shareholdings of executives are contained in Note 26 to the financial statements.

Executive Contract Details

Remuneration and terms of employment for executives are formalised in executive employment agreements. The agreements specify the components of remuneration, benefits and notice periods. During FY2014 Bernard Kavanagh entered into a new agreement which formalised notice periods and termination benefits.

For the CEO, the Company can terminate the agreement immediately, or at any time, after notice is given by either party by making a payment equal to the value of the CEO's remuneration package in lieu of the full or remaining period of notice.

For other executives, excluding William Slater, the notice period is 12 months or 4 weeks for each completed year of service (up to a maximum of 112 weeks) whichever is greater. The Company may, in lieu of giving the executive part or all of the notice, make payment to the executive, by making a payment equal to the value of the executive's remuneration package, as follows:

- if the notice period is 12 months or more – for up to 12 months of the notice period, in which case the executive's employment will continue for the balance, if any of the notice period
- if the notice period is less than 12 months – for any period up to the entire notice period.

Benefits paid on redundancy are the same as for all employees, except executives (excluding the CEO and William Slater) who receive 12 weeks pay in lieu of notice compared with the standard four weeks.

Performance of the Company

The graph below illustrates the key link between executive remuneration and the Company's performance.

Directors' Statutory and Remuneration Report

Summary of Key Agreement Terms

Agreement Details	David Lord	Anthony Cook	William Hannah	Bernard Kavanagh	Ross Martin	Paul Moloney	William Slater	Richard Wallace	John Williams
Base salary (base)	633,155	249,513	305,526	284,820	280,751	200,738	239,361	304,514	295,670
STI % of base	31.5%	25%	25%	25%	25%	25%	25%	25%	25%
LTI	175,000	–	–	–	–	–	–	–	–
Notice by the Company	9 months	56 weeks	60 weeks	112 weeks	12 months	12 months	1 month	68 weeks	56 weeks
Notice by employee	6 months	3 months	3 months	3 months	3 months	3 months	1 month	3 months	3 months

Details of Executive Remuneration for Period Ending 30 June 2014

	Short-Term Employee Benefits			Post-Employment Benefits	Long-Term Benefits		Share-Based Payments		
2014	Cash Salary and Fees	Short-Term Incentives 2013/14 Payable 2014/15	Non-Monetary Benefits	Super-annuation	Long-Term Incentives	Long Service Leave	Shares	Termination Benefits	TOTAL
Name	$	$	$	$	$	$	$	$	$
David Lord	**597,394**	**200,000**	**2,432**	**55,660**	**1,172,543**	**19,213**	**–**	**–**	**2,047,242**
Anthony Cook	**248,065**	**62,378**	**–**	**23,446**	**–**	**9,252**	**–**	**–**	**343,141**
William Hannah	**333,289**	**76,381**	**1,679**	**25,196**	**–**	**16,166**	**–**	**–**	**452,711**
Bernard Kavanagh	**283,291**	**71,205**	**2,141**	**17,667**	**–**	**16,587**	**–**	**–**	**390,891**
Ross Martin	**298,883**	**70,188**	**–**	**27,609**	**–**	**1,074**	**–**	**–**	**397,754**
Paul Moloney	**212,588**	**50,185**	**–**	**20,335**	**–**	**9,053**	**–**	**–**	**292,161**
William Slater	**222,152**	**59,840**	**–**	**20,511**	**–**	**6,009**	**–**	**–**	**308,512**
Richard Wallace	**326,360**	**76,128**	**1,396**	**31,113**	**–**	**12,565**	**–**	**–**	**447,562**
John Williams	**302,374**	**73,918**	**–**	**29,000**	**–**	**15,012**	**–**	**–**	**420,304**
TOTAL	**2,824,396**	**740,223**	**7,648**	**250,537**	**1,172,543**	**104,931**	**–**	**–**	**5,100,278**

	Short-Term Employee Benefits			Post-Employment Benefits	Long-Term Benefits		Share-Based Payments		
2013	Cash Salary and Fees	Short-Term Incentives 2011/12 Paid 2012/13	Non-Monetary Benefits	Super-annuation	Long-Term Incentives	Long Service Leave	Shares	Termination Benefits	TOTAL
Name	$	$	$	$	$	$	$	$	$
David Lord	660,384	170,000	1,598	59,924	44,044	11,241	–	–	947,191
Anthony Cook	239,160	32,370	–	21,212	–	(394)	–	–	292,348
William Hannah	292,941	45,759	1,577	23,553	–	11,413	–	–	375,243
Bernard Kavanagh	305,591	44,387	2,140	20,539	–	18,604	–	–	391,261
Ross Martin (1)	121,783	–	–	10,675	–	487	–	–	132,945
Paul Moloney	199,974	30,812	–	18,778	–	10,187	–	–	259,751
William Slater	253,160	30,133	–	23,366	–	8,083	–	–	314,742
Richard Wallace	296,904	44,932	–	27,417	–	11,461	–	–	380,714
John Williams	281,381	41,644	–	26,362	–	14,639	–	–	364,026
TOTAL	**2,651,278**	**440,037**	**5,315**	**231,826**	**44,044**	**85,721**	**–**	**–**	**3,458,221**

(1) Ross Martin joined the Company on 8 January 2013.

Additional Information

For FY2013, each STI or cash bonus included in the tables above the percentage of the available short term incentive or bonus that was paid or payable and the percentage that was forfeited because the Company's performance and person did not meet performance criteria is set out below. For FY2014, the percentage of STI or cash bonus accrued, but not yet paid, is set out below. The final FY2014 incentive payable to each executive will be determined in the first quarter of FY2015.

	CASH BONUS		
	2012/13		2013/14
Name	Paid %	Forfeited %	Accrued Not Yet Paid %
David Lord	–	100	100
Anthony Cook	–	100	100
William Hannah	–	100	100
Bernard Kavanagh	–	100	100
Ross Martin	–	–	100
Paul Moloney	–	100	100
William Slater	–	100	100
Richard Wallace	–	100	100
John Williams	–	100	100

Non Executive Director Remuneration Policy

The total amount of director fees and committee allowances are determined by shareholders at the AGM as and when recommended by the Board. The Nominations & Remuneration Committee provides recommendations as required to the Board for this purpose. Remuneration for non executive directors was last fixed by members at the 2010 AGM held in October 2010. In accordance with the requirements of the Company constitution, the meeting fixed the total remuneration at $700,000.

The recommended level approved by the meeting was based upon levels paid by comparable listed companies, the consideration of market surveys by various remuneration advisers, and having regard to the increasing responsibilities and workload undertaken by directors.

External remuneration advisers are consulted from time to time to assist the Nominations & Remuneration Committee and the Board in recommending director fees and committee allowances that are consistent and appropriate with market practice.

Non executive director remuneration consists of three elements:

- director fees
- committee allowances
- superannuation.

Total remuneration is inclusive of any committee fees and statutory superannuation.

As indicated in the table below, the total amount was subsequently allocated by Directors, as follows, for the 2014 financial year.

Chairman: $132,303
Deputy Chairman: $99,227
Directors: $66,151
Committee fees: $4,800 per committee with a maximum allowance of two committees.

There are no shares, share options, unissued shares, interests or rights in shares or termination benefits forming part of the remuneration package of any non executive director.

Representative Directors of Saputo Dairy Australia Pty Ltd, Lino A. Saputo, Jr. and Louis-Philippe Carrière, who were elected to the Board on 9 May 2014, have waived their right to remuneration.

Directors' Statutory and Remuneration Report

Details of Non Executive Director Remuneration for the Period Ending 30 June 2014

	Short-Term Employee Benefits			Post-Employment Benefits	
2014	Cash Salary and Fees	Short-Term Incentives	Non-Monetary Benefits	Superannuation	TOTAL
Name	$	$	$	$	$
R A Andrew Anderson (5)	59,637	–	–	5,516	65,153
Kay Antony (5)	57,802	–	–	5,347	63,149
Louis-Phillipe Carrière (6)	–	–	–	–	–
Michael Carroll (5)	76,126	–	–	7,042	83,168
Francis Davis (1)	20,183	–	3,920	1,867	25,970
Neville Fielke (2)	56,284	–	–	5,206	61,490
John Gall (3)	23,119	–	–	2,139	25,258
Robert Lane (4), (5)	37,100	–	–	3,432	40,532
Terence Richardson	110,596	–	4,593	10,230	125,419
Lino A. Saputo, Jr. (6)	–	–	–	–	–
Raymond Smith (5)	58,169	–	–	5,381	63,550
Bruce Vallance	67,523	–	–	6,246	73,769
TOTAL	566,539	–	8,513	52,406	627,458

	Short-Term Employee Benefits			Post-Employment Benefits	
2013	Cash Salary and Fees	Short-Term Incentives	Non-Monetary Benefits	Superannuation	TOTAL
Name	$	$	$	$	$
R A Andrew Anderson	69,358	–	–	6,242	75,600
Kay Antony	66,422	–	–	5,978	72,400
Michael Carroll	69,358	–	–	6,242	75,600
Francis Davis	125,642	–	–	6,358	132,000
John Gall	69,358	–	–	6,242	75,600
Barry Irvin (7)	46,911	–	–	4,222	51,133
Bruce Morley	13,679	–	–	1,225	14,904
Terence Richardson	99,633	–	–	8,967	108,600
Raymond Smith	5,046	–	–	454	5,500
Bruce Vallance	66,422	–	–	5,978	72,400
TOTAL	631,829	–	–	51,908	683,737

(1) Francis Davis resigned from the Board on 28 August 2013.
(2) Neville Fielke was appointed to the Board on 28 August 2013 to fill a casual vacancy.
(3) John Gall did not seek re-election at the 2013 AGM.
(4) Robert Lane was elected to the Board at the AGM on 24 October 2013.
(5) R.A. Andrew Anderson, Kay Antony, Michael Carroll, Robert Lane and Ray Smith resigned from the Board on 9 May 2014.
(6) Louis-Philippe Carrière and Lino A. Saputo, Jr. were elected to the Board at a general meeting on 9 May 2014.
(7) Barry Irvin resigned from the Board on 20 March 2013.

Non monetary benefits received by Francis Davis and Terence Richardson were a gift on retirement and the use of a company motor vehicle during the takeover period respectively. Both amounts include applicable fringe benefits tax.

Use of Remuneration Consultants

In FY2012 and FY2013 the Board engaged Mercer Consulting (Mercer) to provide independent advice on the development of an LTI Plan for the CEO. In FY2014 Mercer was engaged to determine the fair value of the share based payments to be issued under the LTI Plan. This work performed did not constitute remuneration advice or recommendations as defined by the Corporations Act. Mercer's fee for this work was $8,625.

Mercer also provided actuarial services to the Company in FY2014 for a fee of $7,525.

Insurance of Officers

Amounts disclosed for remuneration of Directors and other KMP exclude insurance premiums of $255,634 paid by WCB in respect of Directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers.

Loans to Directors and Executives

Loans are not provided to Directors of Warrnambool Cheese and Butter Factory Company Holdings Limited or executives, except where the Director is also a supplier of milk to the Company as they are entitled to receive an interest-free advance to purchase feed or fertiliser on the same terms and conditions as available to all suppliers of milk to WCB.

As at 30 June 2014 Director Terence Richardson, through a related party, had an interest-free feed/fertiliser advance of $34,105 which is due to be repaid in full by 12 February 2015.

Rounding of Amounts

The Company is of a kind referred to in class order 98/0100 issued by the Australian Securities and Investments Commission relating to "rounding-off". Accordingly, amounts have been rounded-off to the nearest thousand dollars.

Meetings of Directors and Board Committees

The number of meetings of the Company's Board of Directors and of each Board committee held during the financial year ended 30 June 2014, and the number attended by each Director were as follows:

		Committee Meetings		
	Board Meetings	Audit & Risk	Nominations & Remuneration	Supplier Relations & Pricing Policy
Name	**(24)**	**(13)**	**(4)**	**(3)**
R. A. Andrew Anderson	22 (22)	12 (12)	3 (3)	
Kay Antony	22 (22)	5 (7)		1 (2)
Louis-Philippe Carrière	2 (2)	1 (1)	1 (1)	
Michael Carroll	21 (22)	5 (5)	1 (1)	2 (2)
Francis Davis	2 (2)			
Dino Dello Sbarba	2 (2)	1 (1)	1 (1)	
Neville Fielke	22 (22)	7 (8)	2 (2)	1 (1)
John Gall	9 (10)	4 (4)		
Robert Lane	12 (12)	6 (7)		2 (2)
David Lord	21 (22)			2 (2)
John McLean	20 (22)			2 (2)
Bruce Morley	20 (22)	10 (12)	2 (3)	
Terence Richardson	24 (24)	3 (6)	3 (3)	1 (1)
Lino A. Saputo, Jr.	2 (2)	1 (1)	1 (1)	
Ray Smith	22 (22)	12 (12)		2 (2)
Bruce Vallance	24 (24)	1 (1)	2 (2)	3 (3)

The total number of meetings held is shown in brackets at the top of the table. The number of meetings held at which a Director was eligible to attend is shown in brackets.

Dated at Allansford, 20 August 2014

Lino A. Saputo, Jr.
Chairman

Neville Fielke
Independent Director

Independent Auditor's Declaration

Coffey Hunt
CHARTERED ACCOUNTANTS

As lead auditor for the audit of Warrnambool Cheese and Butter Factory Company Holdings 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 Warrnambool Cheese and Butter Factory Company Holdings Limited and the entities it controlled during the period.

Coffey Hunt.

Coffey Hunt
Chartered Accountants

C.J. Kol
Partner

Dated at Warrnambool, 20 August 2014

Shareholders and additional information

This section contains information which is not included elsewhere in this report that is required to be included in the Annual Report by the ASX Listing Rules.

Shareholding Interests

The top 20 shareholders at 30 June 2014 and at 5 August 2014 are shown below. The Company has received two notices of a substantial holding, one from Saputo Dairy Australia Pty Ltd and the other from Lion-Dairy & Drinks Pty Ltd. Other than those shareholders there are no other shareholders known to the Company to have a shareholding in excess of 5% of the issued capital and thus, there are no other known "substantial holders in the entity" as defined by the ASX Listing Rules. The shareholdings of Saputo Dairy Australia Pty Ltd and Lion-Dairy & Drinks Pty Ltd are shown on this page. It is also the Company's understanding that Lion-Dairy & Drinks Pty Ltd also controls a shareholding under another name, which would increase its total shareholding to slightly above 10%.

The Number of Holders of Each Class of Share

The Company shares consist of 56,098,797 ordinary shares. There are no issued employee shares. Over the last financial year there were the following movements in share capital:

- 27/09/13 – Dividend Reinvestment Plan – 723,338
- 22/01/14 – Vested performance rights – 129,286

As at 30 June 2014, there were 458 shareholders. As at 5 August 2014, there were 455 shareholders.

The Voting Rights Attached to Shares

The ordinary shares have full voting rights. That is, on a show of hands every member present at the meeting or by proxy shall have one vote and upon a poll each member shall have one vote for each share.

Marketable Holdings

There were 106 holders of less than a marketable parcel of ordinary shares at 30 June 2014 and 107 holders of less than a marketable parcel of ordinary shares at 5 August 2014.

Miscellaneous Matters

The Company shares are not listed on any stock exchange other than the ASX. The Company has not issued any equity securities as defined by the ASX Listing Rules that are of a class of unquoted equity securities within the meaning of Listing Rule 4.10.16. There is no current on-market buy-back.

Distribution Schedule of Shareholding

A distribution schedule as at 5 August 2014 follows.

Shares	Number
1 – 1,000	322
1,001 – 5,000	93
5,001 – 10,000	20
10,001 – 100,000	15
100,001 +	5

Top 20 Shareholders as at 30 June 2014

Name	Number of shares	%
Saputo Dairy Australia Pty Ltd	49,321,980	87.92%
Lion-Dairy & Drinks Pty Ltd	5,596,950	9.98%
One Managed Investment Funds Limited ACF Sandon Capital Investments Limited	145,205	0.26%
Berne No 132 Nominees Pty Ltd	135,450	0.24%
National Nominees Limited	109,894	0.20%
Avanteos Investments Limited	45,750	0.08%
Ms Marie-Claire Louise Renee Joye	44,836	0.08%
Mr Graeme Ian Douglas & Mrs Beverley Joyce Douglas	41,000	0.07%
Mr Warren Gilman	33,000	0.06%
J P Morgan Nominees Australia Limited	30,010	0.05%
Est Cecil Alexander Boyle	26,880	0.05%
Mr John Douglas Coleman	24,000	0.04%
Mutual Trust Pty Ltd	23,200	0.04%
Est WJ Farrer & ME Farrer	22,500	0.04%
Mrs Coline McLeod	22,090	0.04%
Est Heather Drake	17,808	0.03%
Uob Kay Hian Private Limited	17,071	0.03%
Ian R Young	13,125	0.02%
BT Portfolio Services Limited	11,760	0.02%
HSBC Custody Nominees (Australia) Limited	11,003	0.02%
Total	**55,693,512**	**99.28%**

As at 5 August 2014

The list was the same other than:

One Managed Investment Funds Limited ACF Sandon Capital Investments Limited	149,231	0.27%
National Nominees Limited	113,056	0.20%
Uob Kay Hian Private Limited	11,739	0.02%

Shareholding Restrictions

There is currently no restriction on the amount of shares in the Company that may be owned by a person.

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Financials and notes

This financial report covers the consolidated entity consisting of Warrnambool Cheese and Butter Factory Company Holdings Limited and its subsidiaries. The financial report is presented in Australian currency.

Warrnambool Cheese and Butter Factory Company Holdings Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Warrnambool Cheese and Butter Factory Company Holdings Limited
5331 Great Ocean Road
Allansford VIC 3277

During the current financial year Saputo Inc. purchased a controlling interest in Warrnambool Cheese and Butter Factory Company Holdings Limited.

A description of the consolidated entity's operations and its principal activities is included in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 20 August 2014. The Company has the power to amend and reissue the financial report.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2014

	Notes	CONSOLIDATED 2014 $'000	2013 $'000
Revenue from continuing operations	2	**608,543**	495,851
Other income	3	**452**	653
Changes in inventories of finished goods and work in progress		**4,987**	(978)
Raw materials and consumables used		**(465,279)**	(376,835)
Depreciation and amortisation expense	4	**(12,661)**	(11,798)
Finance costs	4	**(3,658)**	(4,142)
Distribution expense		**(22,982)**	(23,506)
Employee benefits expense		**(50,090)**	(45,963)
Other expenses		**(24,755)**	(25,379)
Corporate advisory expenses	4	**(9,557)**	–
Share of net profits/(losses) of joint ventures accounted for using the equity method	37	**3,863**	1,688
Profit/(Loss) before income tax (expense)/benefit		**28,863**	9,591
Income tax (expense)/benefit	5	**(7,587)**	(2,101)
Profit/(Loss) for the year		**21,276**	7,490
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of cash flow hedges		**2,760**	(2,383)
Executive Performance Rights Plan valuation adjustment		**(31)**	31
Other comprehensive income for the year, net of income tax		**2,729**	(2,352)
Total comprehensive income for the year		**24,005**	5,138
Profit/(Loss) attributable to owners of Warrnambool Cheese and Butter Factory Company Holdings Limited		**21,276**	7,490
Total comprehensive income attributable to owners of Warrnambool Cheese and Butter Factory Company Holdings Limited		**24,005**	5,138
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic earnings per share	35	**38.1**	13.6
Diluted earnings per share	35	**38.1**	13.6

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

as at 30 June 2014

	Notes	CONSOLIDATED 2014 $'000	2013 $'000
CURRENT ASSETS			
Cash and cash equivalents	16	**2,414**	3,794
Trade and other receivables	6	**96,308**	111,176
Inventories	7	**75,791**	70,804
Total Current Assets		**174,513**	185,774
NON-CURRENT ASSETS			
Investments accounted for using the equity method	9	**26,917**	23,705
Other financial assets	10	**5**	5
Property, plant & equipment	11	**95,438**	85,314
Investment properties	12	**10,533**	10,138
Deferred tax assets	13	**2,223**	–
Intangible assets	14	**1,628**	1,628
Total Non-Current Assets		**136,744**	120,790
Total Assets		**311,257**	306,564
CURRENT LIABILITIES			
Trade and other payables	15	**58,679**	52,638
Borrowings	16	**52,842**	71,278
Current tax liabilities	17	**4,193**	1,546
Derivative financial instruments	8	**–**	4,137
Provisions	18	**6,776**	5,845
Total Current Liabilities		**122,490**	135,444
NON-CURRENT LIABILITIES			
Borrowings	19	**3,935**	8,001
Deferred tax liabilities	20	**–**	792
Provisions	21	**852**	524
Total Non-Current Liabilities		**4,787**	9,317
Total Liabilities		**127,277**	144,761
Net Assets		**183,980**	161,803
EQUITY			
Contributed equity	22	**73,856**	69,607
Reserves	23	**12,236**	9,507
Retained profits	23	**97,888**	82,689
Total Equity		**183,980**	161,803

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2014

		ATTRIBUTABLE TO OWNERS OF WARRNAMBOOL CHEESE AND BUTTER FACTORY COMPANY HOLDINGS LIMITED			
	Notes	**Contributed equity $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 1 July 2013		**69,607**	**9,507**	**82,689**	**161,803**
Profit for the year		**–**	**–**	**21,276**	**21,276**
Net cash flow hedges	23	**–**	**2,760**	**–**	**2,760**
Executive Performance Rights Plan valuation adjustment	23	**–**	**(31)**	**–**	**(31)**
Total comprehensive income for the year		**–**	**2,729**	**21,276**	**24,005**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	22	**4,249**	**–**	**–**	**4,249**
Dividends provided for or paid	24	**–**	**–**	**(6,077)**	**(6,077)**
		4,249	**–**	**(6,077)**	**(1,828)**
Balance at 30 June 2014		**73,856**	**12,236**	**97,888**	**183,980**
Balance at 1 July 2012		67,676	11,859	81,210	160,745
Profit for the year		–	–	7,490	7,490
Net cash flow hedges	23	–	(2,383)	–	(2,383)
Executive Performance Rights Plan valuation adjustment	23	–	31	–	31
Total comprehensive income for the year		–	(2,352)	7,490	5,138
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	22	1,931	–	–	1,931
Dividends provided for or paid	24	–	–	(6,011)	(6,011)
		1,931	–	(6,011)	(4,080)
Balance at 30 June 2013		69,607	9,507	82,689	161,803

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

Consolidated Cash Flow Statement

for the year ended 30 June 2014

	Notes	CONSOLIDATED 2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		**636,872**	493,301
Payments to suppliers and employees (inclusive of goods and services tax)		**(579,489)**	(490,799)
Dividends received		**240**	80
Interest received		**91**	145
Finance costs		**(3,658)**	(4,142)
Income tax paid		**(7,763)**	–
Income tax received		**–**	2,384
Net Cash Inflow (Outflow) from Operating Activities	32	**46,293**	969
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		**392**	533
Payments for land		**(728)**	(133)
Payments for property, plant & equipment		**(22,636)**	(22,611)
Net Cash Inflow (Outflow) from Investing Activities		**(22,972)**	(22,211)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**12,896**	6,048
Proceeds from issues of shares		**3,045**	1,904
Repayment of borrowings		**(5,149)**	(3,449)
Dividends paid by parent entity	24	**(6,077)**	(6,011)
Share issue transaction costs		**(12)**	(7)
Net Cash Inflow (Outflow) from Financing Activities		**4,703**	(1,515)
Net Increase (Decrease) in Cash, Cash Equivalents and Overdrafts		**28,024**	(22,757)
Cash, cash equivalents and overdrafts at the beginning of the financial year		**(53,706)**	(31,154)
Effects of exchange rate changes on cash, cash equivalents and overdrafts		**846**	205
Cash, cash equivalents and overdrafts at the end of the financial year	16	**(24,836)**	(53,706)

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated. The financial report of the consolidated entity consists of Warrnambool Cheese and Butter Factory Company Holdings Limited and its subsidiaries.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001*. Warrnambool Cheese and Butter Factory Company Holdings Limited is a publicly listed entity for the purposes of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of Warrnambool Cheese and Butter Factory Company Holdings Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(ii) Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through comprehensive income, certain classes of property, plant and equipment and investment property.

(iii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires that management exercise judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed.

(b) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Warrnambool Cheese and Butter Factory Company Holdings Limited (parent entity) as at 30 June 2014 and the results of all subsidiaries for the year then ended. Warrnambool Cheese and Butter Factory Company Holdings Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(z)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the group.

The subsidiaries of the group are; The Warrnambool Cheese and Butter Factory Company Limited, Australian Dairy Products Pty Ltd, Warrnambool Milk Products Pty Limited and Protein Technology Victoria Pty Ltd.

(ii) Joint Venture Entities

The interest in a joint venture is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of profits or losses of the joint venture is recognised in the statement of comprehensive income. The joint venture investment is recognised in non-current assets (note 9) and the share of movements in reserves in the balance sheet. Details relating to joint ventures are set out in note 37.

Profits or losses on establishing the joint venture and transactions with the joint venture are eliminated to the extent of the group's ownership interest until such time as they are realised by the joint venture on consumption or sale, unless they relate to an unrealised loss that provides evidence of impairment of an asset transferred.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the board and executive management.

(d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income, based on the current income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting or taxable comprehensive income. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of distributions from controlled entities and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Warrnambool Cheese and Butter Factory Company Holdings Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(f) Trade Receivables

Trade receivables are recognised at fair value less provision for impairment. Domestic trade receivables and other receivables are generally due for settlement within 30 days and export trade receivables within 60 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established where there is historical or objective evidence and where sufficient doubt as to collection exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

It is the groups normal practice to recognise the impairment loss in the statement of comprehensive income in other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to other income in the statement of comprehensive income.

(g) Foreign Currency Translation – Transactions and Balances

Hedging is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates. Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable in foreign currencies are translated into Australian currency at rates of exchange current at that date. At balance date amounts received or receivable in foreign currencies are translated into Australian currency at the rate of the Forward Exchange Contract to be utilised when converting the foreign currency received or receivable to Australian currency. Resulting exchange differences are brought to account in determining the comprehensive income for the year.

(h) Inventories

Store and garage trading inventories have been valued at the lower of cost and net realisable value. Costs are assigned to individual items of stock on a latest purchase price or first-in first-out basis. Cost includes direct costs only.

Butter, cream, cheese, whey protein concentrate, packaged milk, specialty cheese and milk powder inventories are measured at the lower of cost and net realisable value. Any loss on valuing inventory at net realisable value is brought to account in determining the comprehensive income for the year. The cost of butter, cream, cheese, whey protein concentrate, packaged milk, specialty cheese and milk powder includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion less the estimated costs necessary to complete the sale.

(i) Impairment of Assets

Goodwill and intangible assets that have an indefinite 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 assets are tested 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 an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Property, Plant and Equipment

Property, plant and equipment is initially recognised at cost, where cost includes purchase price, delivery and handling, site preparation, professional fees, installation and assembly, commissioning costs, employee benefits costs directly attributable to the construction or purchase and borrowing costs associated with qualifying assets.

Subsequent to initial recognition property, plant and equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on a straight line method to allocate their cost or revalued amounts over their estimated useful lives, as follows:

Class of Fixed Asset	Depreciation Rate
Buildings	3–7%
Plant and equipment	5–10%
Motor vehicles	10–20%
Computer equipment	33%

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

An assets carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount (note 1(i)).

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is the group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(k) Non-Current Assets Held For Sale

Non-current assets classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying value and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value, less costs to sell, of an asset, but not in excess of any impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets (including those as part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest or other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group held for sale are presented separately from other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(l) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases (note 28).

(m) Investments and Other Financial Assets

Classification

The group classifies its investments in the following categories: financial assets at fair value through comprehensive income, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial Assets at Fair Value Through Comprehensive Income

Financial assets at fair value through comprehensive income are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) 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 included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 6) in the balance sheet.

(iii) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets quoted in an active market with fixed or determinable payments and fixed maturity that management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

(iv) Available for Sale Financial Assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and Derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through comprehensive income are expensed in comprehensive income.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through comprehensive income' category are included in the statement of comprehensive income in the period in which they arise.

Impairment

The group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(n) Intangible Assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 33).

(ii) Recognised Internally Developed Intangibles

Expenditure on the development of recognised intangibles (excluding goodwill) for internal use is capitalised as an intangible asset. Internally developed intangibles with a finite useful life are carried at cost less accumulated amortisation and impaired losses. Amortisation is calculated using the straight line method to allocate the cost of internally developed intangibles over their estimated useful life.

(o) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(p) Borrowings

Borrowings are initially measured 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 the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are removed from the 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 assumed, is recognised in other income or other expenses.

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.

(q) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of that asset.

(r) Derivatives and Hedging Activities

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. The group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of derivative financial instruments used for hedging purposes are disclosed in note 8. Movements in the hedging reserve in shareholders' equity are shown in note 23.

(i) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in comprehensive income within other income or other expense.

Amounts accumulated in equity are reclassified to comprehensive income in the periods when the hedged item affects comprehensive income. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to comprehensive income.

(iii) Derivatives That Do Not Qualify for Hedge Accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the comprehensive income within other income or other expense.

(s) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid.

The group recognises revenue when the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of Finished Goods
Revenue for commodity products and for retail trade products is recognised at the time of dispatch or when the products are held in storage for future delivery at the request of the customer.

(ii) Other
A sale is recorded when goods have been dispatched or at the point of sale to a customer and the associated risks have passed to the carrier or customer.

(t) Employee Benefits

(i) Short Term Obligations
Liabilities for wages and salaries, annual leave, and rostered days off are recognised in other creditors and are measured as the amount expected to be paid when the liabilities are settled. Liabilities for vested sick leave, payable on termination, are recognised in the provision for employee benefits at the amounts expected to be paid when the liabilities are settled.

Annual leave and vested sick leave amounts are all recorded as current liabilities, even though it is not expected all amounts will be paid within 12 months, as the employee has a legal entitlement to these amounts and could at their discretion utilise that entitlement. In determining amounts recognised as liabilities the group gives consideration to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments greater than 12 months are discounted using market yields on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(ii) Long Term Employee Benefit Obligations
A liability for long service leave to which employees are legally entitled at the reporting date is recognised in the provision for employee benefits in accordance with (i) above. The liability for long service leave expected for which the employee is yet to be legally entitled and therefore settled in more than 12 months from reporting date is recognised in the non-current provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share Based Payments
Share based compensation benefits are provided, at the company's discretion, to employees via the Warrnambool Cheese and Butter Factory Company Holdings Limited employee share scheme. Information relating to this scheme is set out in note 36.

(iv) Bonus Plans
The group recognises a liability and an expense for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation.

(v) Executive Performance Rights Plan
With shareholder approval the group implemented an executive performance rights plan in October 2012. Rights vesting as a part of the plan are recognised in the statement of comprehensive income and in equity over the vesting period (refer note 1(x)).

(vi) Retirement Benefit Obligations
Contributions to the defined contribution section are recognised as an expense as they become payable.

The defined benefit section is based on a lump sum retirement benefit limit at age 65. This fund is managed by the way of an actuarial review and amounts are expensed as recommended by the actuarial.

(u) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Provisions

Provisions are recognised where a present obligation exists and the entity has no realistic alternative but to make a future sacrifice of economic benefits to settle the obligation.

(w) Earnings Per Share

(i) Basic Earnings Per Share
Basic earnings per share is determined by dividing net profit after tax attributable to owners of the company, 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 year.

(ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in determining 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.

(x) Share Based Payments

Goods or services received or acquired in a share-based payment transaction shall be recognised when the goods or as the services are received. A corresponding increase in equity shall be recognised if the goods or services were received in an equity-settled share-based payment transaction. The equivalent increase in equity shall be based on the fair value of the goods and services received or on a fair value determined by reference to the fair value of the equity instruments granted at grant date.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they shall be recognised as expenses.

The fair value of rights granted under the Warrnambool Cheese and Butter Factory Company Holdings Limited Executive Performance Rights Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Executive Performance Rights Plan is administered by the Warrnambool Cheese and Butter Factory Company Holdings Limited Nominations & Remunerations Committee. When the rights are exercised, the Nominations & Remunerations Committee transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

Under the Executive Performance Rights Plan, shares issued by the Warrnambool Cheese and Butter Factory Company Holdings Limited Executive Performance Rights Plan to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

The fair value of deferred shares granted to employees for nil consideration under the Executive Performance Rights Plan is recognised as an expense over the relevant service period, being the year to which the bonus relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at each reporting date and adjustments are recognised in profit or loss and the share-based payment reserve.

The deferred shares are issued by the Warrnambool Cheese and Butter Factory Company Holdings Limited Executive Performance Rights Plan on the vesting date, see note 23.

(y) Investment Property

Investment properties are held for long-term rental yields, or capital appreciation, or both and is not occupied by the group. Investment property is carried at fair value, representing open-market value determined annually by an independent valuer who holds a recognised and relevant professional qualification.

Changes to fair value are recorded in the comprehensive income as part of other income.

(z) Business Combinations

The acquisition method of accounting is used to account for all business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange. Acquisition related costs not directly attributable to the acquisition are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill (refer note 1(n)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in comprehensive income as a bargain purchase.

Where the settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to their present value as at the date of exchange. The discount rate used is the group's weighted average cost of capital.

Contingent consideration is classified as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in comprehensive income.

(aa) Government Grants

Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to capital are accounted for by deducting the grant in arriving at the carrying amount of the asset.

(ab) Contributed Equity

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.

(ac) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the balance sheet.

(ad) 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 the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ae) New Accounting Standards and UIG Interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2014 reporting periods.

(i) *AASB 9 Financial Instruments (effective on or after 1 January 2017).*
AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2013.

(i) *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities (effective 1 January 2013), AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures*

(ii) *AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirements to disclose the impact of the change in accounting policy on the current period*

(iii) *AASB 13 Fair value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

(iv) *AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119*
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle, and

(v) *AASB 2012-2 Amendments to Australian Accounting Standards disclosures – Offsetting Financial Assets and Financial Liabilities.*

(af) Parent Entity Financial Information

The financial information for the parent entity, Warrnambool Cheese and Butter Factory Company Holdings Limited, disclosed in note 38 has been prepared on the same basis as the consolidated financial statements.

	CONSOLIDATED	
	2014 $'000	2013 $'000

Note 2. Revenue

Sales Revenue		
Sale of goods	**595,995**	480,545
Sale of services	**13,692**	16,264
	609,687	496,809
Other Revenue		
Rent	**861**	856
Interest	**91**	145
Dividends	**240**	80
Net foreign exchange gains/(losses)	**(2,349)**	(2,073)
Other	**13**	34
	(1,144)	(958)
Revenue from continuing operations	**608,543**	495,851

Note 3. Other Income

Net gain/(loss) on disposal of property, plant and equipment	**210**	392
Fair value gains on investment properties	**–**	32
Government grants (a)	**242**	229
	452	653

(a) Government grants

Grants for regional development $0 ($2013: $32,000) and the energy grants credits scheme of $242,000 (2013: $197,000) were recognised as 'other income' by the Group during the financial year. There are no unfulfilled conditions or other contingencies attached to these grants. The Group did not benefit from any other forms of government assistance.

Note 4. Expenses

Profit/(loss) before income tax includes the following specific expenses:

Depreciation		
Buildings	**975**	958
Plant & equipment	**11,686**	10,840
Total depreciation	**12,661**	11,798
Finance Costs		
Interest and finance charges paid/payable	**3,658**	4,142
Write down of inventories to net realisable value	**1,164**	801
Impairment losses – trade receivables	**340**	460
Research and development	**3,000**	3,500
Employee benefits provided for	**4,888**	4,249
Corporate advisory expenses (a)	**9,557**	–

(a) Corporate advisory expenses

Corporate advisory expenses relate to external legal and financial advice received in FY2014 for takeover defence. These expenses have been recognised in 'corporate advisory expenses' in the statement of comprehensive income.

Notes to the Financial Statements

30 June 2014

	CONSOLIDATED	
	2014 $'000	2013 $'000
Note 5. Income Tax		
(a) Income tax expense		
Current tax	**11,956**	1,591
Deferred tax	**(4,351)**	535
Under (over) provided in prior years	**(18)**	(25)
Aggregate income tax expense/(benefit)	**7,587**	2,101
Deferred income tax (benefit) expense included in income tax expense/(benefit) comprises:		
Decrease (increase) in deferred tax assets (note 13)	**(4,701)**	510
(Decrease) increase in deferred tax liabilities (note 20)	**350**	25
	(4,351)	535
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Profit/(loss) from operations before income tax expense/(benefit)	**28,863**	9,591
Income tax calculated @ 30% (2013 – 30%)	**8,659**	2,877
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Depreciation and amortisation	**69**	84
Entertainment	**40**	31
Executive Performance Rights Plan	**365**	–
Research and development	**(300)**	(350)
Sundry items	**(69)**	(9)
Share of net profits/(losses) of joint ventures	**(1,206)**	(507)
	7,558	2,126
Under (over) provision in prior years	**(18)**	(25)
Income tax expense/(benefit)	**7,540**	2,101
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity		
Net deferred tax – (debited) credited directly to equity (notes 13 and 20)	**(1,336)**	(867)
	(1,336)	(867)

	CONSOLIDATED 2014 $'000	2013 $'000
Note 6. Current Assets – Trade and Other Receivables		
Trade receivables	**85,229**	96,974
Provision for impairment of receivables (a)	**(538)**	(340)
	84,691	96,634
Other receivables (c)	**9,747**	12,860
Prepayments	**1,870**	1,682
	96,308	111,176

(a) Impaired trade receivables

As at 30 June 2014 current trade receivables of the Group with a nominal value of $538,000 (2013: $344,000) were impaired. The amount of the provision was $538,000 (2013: $340,000). The individually impaired receivables mainly relate to businesses that are in unexpectedly difficult economic situations. It was assessed that a portion of the receivable is expected to be recovered.

The ageing of these receivables is as follows:

	2014 $'000	2013 $'000
1 to 3 months	**–**	–
3 to 6 months	**–**	–
Over 6 months	**538**	344
	538	344

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

	2014 $'000	2013 $'000
At 1 July	**340**	800
Provision for impairment recognised during the year	**538**	–
Receivables written off during the year as uncollectible	**(340)**	(460)
Unused amount reversed	**–**	–
	538	340

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the statement of comprehensive income. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As of 30 June 2014, Group trade receivables of $11,008,000 (2013: $13,009,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 $'000	2013 $'000
Up to 3 months	**10,262**	10,999
3 to 6 months	**383**	2,010
Over 6 months	**363**	–
	11,008	13,009

(c) Other receivables

These amounts generally arise from transactions outside the usual activities of the Group. Interest may be charged on other receivables.

(d) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 25.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain receivables is insignificant as is the fair value of any collateral sold or repledged. Refer note 25 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

	CONSOLIDATED 2014 $'000	2013 $'000
Note 7. Current Assets – Inventories		
Raw materials and stores – at cost	**25,572**	30,398
Work in progress – at cost	**328**	510
Finished goods – at net realisable value	**8,207**	4,360
Finished goods – at cost	**41,684**	35,536
	75,791	70,804

(a) Inventory expense

Inventory recognised as an expense during the year ended 30 June 2014 amounted to $404,257,754 (2013: $356,893,702).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2014 amounted to $1,164,000 (2013: $801,000). This expense has been recognised in 'raw materials and consumables used' in the statement of comprehensive income.

Change in accounting estimates utilised to calculate internal transfer pricing of the whey stream from the cheese plant to the whey processing plant resulted in a one-off adjustment of $3,209,163 to inventory valuation. This expense has been recognised in 'raw materials and consumables used' in the statement of comprehensive income.

Note 8. Derivative Financial Instruments

	2014 $'000	2013 $'000
Current liabilities		
Forward foreign exchange contracts – cash flow hedges (a)	**–**	4,137
	–	4,137

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates.

The Group exports dairy products to numerous countries. In order to protect against exchange rate movements, the Group has entered into forward exchange contracts to sell US dollars, which is the common currency for international dairy sales.

The Group's risk management policy is to hedge 100% of contracted sales and 50% of anticipated sales transactions in US dollars for no more than the subsequent 12 months. The contracts are timed to mature when funds are scheduled to be received for major export shipments.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity.

(b) Risk exposures

Information about the Group's exposure to credit, foreign exchange and interest rate risk is provided in note 25.

Note 9. Non-Current Assets – Investments Accounted for Using the Equity Method

	2014 $'000	2013 $'000
Interest in joint ventures (note 37)	**26,917**	23,705
	26,917	23,705

Note 10. Non-Current Assets – Other Financial Assets

	2014 $'000	2013 $'000
Other unlisted securities		
Equity securities	**5**	5
	5	5

These financial assets are carried at cost. Unlisted securities are traded in inactive markets that do not give indication as to fair value, as such they are valued at cost.

Note 11. Non-Current Assets – Property, Plant & Equipment

Consolidated 2014	Constr'n in progress $'000	Freehold land $'000	Buildings $'000	Plant & equipment $'000	Motor vehicles $'000	Furniture, fixtures & fittings $'000
Year ended 30 June 2014						
Opening net book amount	10,483	2,620	14,119	40,040	7,412	620
Additions	(4,616)	194	3,605	22,079	448	52
Disposals	–	–	(1)	(115)	(24)	(12)
Depreciation charge	–	–	(975)	(7,967)	(1,627)	(147)
Closing net book amount	5,867	2,814	16,748	54,037	6,209	513
At 30 June 2014						
Cost or fair value	5,867	2,814	25,844	142,286	10,877	2,228
Accumulated depreciation	–	–	(9,096)	(88,249)	(4,668)	(1,715)
Net book amount	5,867	2,814	16,748	54,037	6,209	513

Consolidated 2014	Computer equipment $'000	Crown land improv's $'000	Effluent plant $'000	Leased plant & equipment $'000	Total $'000
Year ended 30 June 2014					
Opening net book amount	2,999	162	5,668	1,191	85,314
Additions	1,205	–	–	–	22,967
Disposals	(1)	–	–	(29)	(182)
Depreciation charge	(1,325)	(17)	(325)	(278)	(12,661)
Closing net book amount	2,878	145	5,343	884	95,438
At 30 June 2014					
Cost or fair value	13,999	481	8,845	21,413	234,654
Accumulated depreciation	(11,121)	(336)	(3,502)	(20,529)	(139,216)
Net book amount	2,878	145	5,343	884	95,438

Note 11. Non-Current Assets – Property, Plant & Equipment (cont.)

Consolidated 2013	Constr'n in progress $'000	Freehold land $'000	Buildings $'000	Plant & equipment $'000	Motor vehicles $'000	Furniture, fixtures & fittings $'000
At 1 July 2012						
Cost or fair value	3,869	2,620	21,250	114,442	6,281	2,145
Accumulated depreciation	–	–	(7,164)	(74,297)	(2,745)	(1,552)
Net book amount	3,869	2,620	14,086	40,145	3,536	593
Year ended 30 June 2013						
Opening net book amount	3,869	2,620	14,086	40,145	3,536	593
Additions	6,614	–	991	7,184	5,217	225
Disposals	–	–	–	(38)	(20)	–
Depreciation charge	–	–	(958)	(7,251)	(1,321)	(198)
Closing net book amount	10,483	2,620	14,119	40,040	7,412	620
At 30 June 2013						
Cost or fair value	10,483	2,620	22,240	121,307	10,767	2,359
Accumulated depreciation	–	–	(8,121)	(81,267)	(3,355)	(1,739)
Net book amount	10,483	2,620	14,119	40,040	7,412	620

Consolidated 2013	Computer equipment $'000	Crown land improv's $'000	Effluent plant $'000	Leased plant & equipment $'000	Total $'000
At 1 July 2012					
Cost or fair value	11,346	481	8,845	23,736	195,015
Accumulated depreciation	(9,534)	(300)	(2,767)	(21,966)	(120,325)
Net book amount	1,812	181	6,078	1,770	74,690
Year ended 30 June 2013					
Opening net book amount	1,812	181	6,078	1,770	74,690
Additions	2,333	–	–	–	22,564
Disposals	(1)	–	–	(83)	(142)
Depreciation charge	(1,145)	(19)	(410)	(496)	(11,798)
Closing net book amount	2,999	162	5,668	1,191	85,314
At 30 June 2013					
Cost or fair value	13,641	481	8,845	22,417	215,160
Accumulated depreciation	(10,642)	(319)	(3,177)	(21,226)	(129,846)
Net book amount	2,999	162	5,668	1,191	85,314

Valuation of land and buildings

On transition to Australian Equivalents of International Accounting Standards, AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* allows companies to elect to use fair value as deemed cost. The company has elected to do so, as such land and buildings fair value at 30 June 2006 was deemed cost on transition to AIFRS.

Non-current assets pledged as security

Refer note 19 for information on non-current assets pledged as security by the Group.

	CONSOLIDATED 2014 $'000	2013 $'000
Note 12. Non-Current Assets – Investment Properties		
At fair value		
Opening balance 1 July	**10,138**	9,973
Acquisitions	**728**	133
Transfers	**(333)**	–
Net gain (loss) from fair value adjustment	**–**	32
Closing balance 30 June	**10,533**	10,138
(a) Amounts recognised in profit/(loss) for investment property		
Rental income	**808**	767
Direct operating expenses from property that generated rental income	**(12)**	(12)
	796	755

Valuation basis

The basis of valuation of investment properties is fair value as defined in the accounting standards. The Group's investment properties are all classified as Level 3 in the valuation hierarchy. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect differences in nature; and
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The key inputs used for investment property valuation under the capitalisation and summation approaches have been land prices and building rental rates per square metre for comparably sized and located property, and capitalisation rates.

The significant unobservable inputs to the valuation of investment property classified as Level 3 are expected lease terms, vacancy rates and rental growth rates. These are estimated by the external valuers or management based on comparable transactions and market data.

The 30 June 2014 revaluations were based on independent assessments by Certified Practising Valuer in accordance with the requirements of the Australian Accounting Standards Board by C.J. Ham & Murray Pty Limited in June 2014.

Details of the Groups investment properties and information about the fair value hierarchy as at 30 June 2014 are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Level 4 $'000
Investment Properties in South Western Victoria and South Eastern South Australia			10,533	

There were no transfers between levels during the year.

Non-current assets pledged as security

Refer note 19 for information on non-current assets pledged as security by the Group.

Leasing arrangements

The consolidated entity has properties that are leased to tenants under long-term operating leases with rentals payable monthly.

	2014 $'000	2013 $'000
Minimum lease payments under non-cancellable operating leases of properties not recognised in the financial statements are receivable as follows:		
Within one year	**724**	766
Later than one year but not later than five years	**1,024**	1,678
	1,748	2,444

Note 13. Non-Current Assets – Deferred Tax Assets

	CONSOLIDATED 2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Doubtful debts	**161**	102
Employee benefits	**2,657**	2,595
Finance leases	**26**	77
Audit fees	**35**	40
Accrued expenses	**2,415**	70
Quality claims	**59**	–
Business related capital expenses	**2,542**	309
Borrowing costs	**1**	1
	7,896	3,194
Amounts recognised directly in equity		
Share issue expenses	**147**	1,183
Cash flow hedges	**–**	288
Deferred tax assets	**8,043**	4,665
Set-off deferred tax liabilities pursuant to set-off provisions (note 20)	**5,820**	4,665
Net deferred tax assets	**2,223**	–
Movements:		
Opening balance at 1 July	**4,665**	4,295
(Credited) charged to the statement of comprehensive income (note 5)	**4,701**	(510)
(Credited) charged to equity	**(1,323)**	880
Closing Balance 30 June	**8,043**	4,665
Deferred tax assets to be recovered within 12 months	**3,767**	1,342
Deferred tax assets to be recovered after more than 12 months	**4,276**	3,323
	8,043	4,665

Note 14. Non-Current Assets – Intangible Assets

Consolidated 2014	**Goodwill $'000**	**Total $'000**
Year ended 30 June 2014		
Opening net book amount	**1,628**	**1,628**
Closing net book amount	**1,628**	**1,628**
At 30 June 2014		
Cost	**1,628**	**1,628**
Net book amount	**1,628**	**1,628**

Note 14. Non-Current Assets – Intangible Assets (cont.)

Consolidated 2013	Goodwill $'000	Total $'000
Year ended 30 June 2013		
Opening net book amount	1,628	1,628
Closing net book amount	1,628	1,628
At 30 June 2013		
Cost	1,628	1,628
Net book amount	1,628	1,628

(a) Impairment tests for goodwill

Goodwill and intangible assets with indefinite useful lives are allocated to the Groups cash-generating units (CGU's) according to which CGU generated those assets on acquisition. A summary of amounts of goodwill and indefinite life intangibles allocated is presented below.

	CONSOLIDATED	
	2014 $'000	2013 $'000
Cash-generating unit		
Cheese/Whey	**1,523**	1,523
Specialty Cheese	**105**	105
	1,628	1,628

The recoverable amount of a CGU is based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering no more than a five-year period. Cash flows beyond the five-year period are extrapolated using a zero growth rate.

(b) Key assumptions used for value-in-use calculations

In performing value-in-use calculations for applicable CGU's, the company has applied a growth rate of 0% (2013: 0%) and a post-tax discount rate of 11% (2013: 11%) to discount the forecast future attributable post tax cash-flows.

These assumptions have been used for the analysis of each CGU. Budgeted gross margin was based on past performance and expectations for the future. It is not considered a change in any of the key assumptions would be required.

Note 15. Current Liabilities – Trade and Other Payables

	2014 $'000	2013 $'000
Trade payables	**50,201**	46,829
Other payables (a)	**8,478**	5,809
	58,679	52,638

(a) Amounts not expected to be settled within the next 12 months

Other payables include accruals for annual leave. The entire obligation is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amounts represent leave that is not expected to be taken in the next 12 months.

	2014 $'000	2013 $'000
Annual leave obligation expected to be settled after 12 months	**1,591**	389

	CONSOLIDATED	
	2014 $'000	2013 $'000

Note 16. Current Liabilities – Borrowings

SECURED		
Bank overdrafts	**27,250**	57,500
Bills payable	**23,534**	12,142
Lease liabilities	**2,058**	1,636
	52,842	71,278
Cash, cash equivalents and overdrafts at the end of the financial year		
Bank overdrafts (note 19)	**27,250**	57,500
Cash and cash equivalents	**(2,414)**	(3,794)
	24,836	53,706

(a) Security and fair value disclosures

Details of the security relating to each of the secured liabilities and the fair value of each of the borrowings are provided in note 19.

(b) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 25.

The bank overdrafts information above contains cash and cash equivalents. This is due to the bank's ability to offset all bank accounts against overdrafts or borrowings.

Note 17. Current Liabilities – Current Tax Liabilities

Income tax	**4,193**	1,546
	4,193	1,546

Note 18. Current Liabilities – Provisions

Employee benefits (a)	**6,579**	5,845
Quality claims	**197**	–
	6,776	5,845

(a) Amounts not expected to be settled within the next 12 months

The current provision for long service leave included all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

Long service leave obligation expected to be settled after 12 months	**2,289**	2,151

(b) Movements in provisions

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

Quality Claims		
Consolidated – 2014		
Carrying amount at start of year	**–**	70
Charged/(credited) to the statement of comprehensive income – additional provisions recognised	**197**	–
Amounts used during the period	**–**	(70)
Carrying amount at end of year	**197**	–

	CONSOLIDATED 2014 $'000	2013 $'000
Note 19. Non-Current Liabilities – Borrowings		
SECURED		
Bills payable	–	2,215
Lease liabilities	3,935	5,786
	3,935	8,001
Further information relating to loans from related parties is set out in note 31.		
(a) Secured liabilities and assets pledged as security		
Total secured liabilities (current and non-current) are as follows:		
Bank overdrafts	27,250	57,500
Bills payable	23,534	14,357
Lease liability	5,993	7,422
Total secured liabilities	56,777	79,279

The bank overdraft and bills payable of the Group are secured by a fixed and floating charge over the whole of the Group's assets and an interlocking guarantee from all companies within the Group. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Bank loans are secured by a negative pledge that imposes certain covenants on the Group.
(a) Minimum capital adequacy of 45% as at 30 June 2014
(b) Minimum interest cover of 2 times as at 30 June 2014
(c) Stock and debtor to working capital debt of 2 times as at 30 June 2014

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2014 $'000	2013 $'000
Current		
Trade and other receivables	96,308	111,501
Inventories	75,791	70,804
Total current assets pledged as security	172,099	182,305
Non-current		
Investments accounted for using the equity method	26,917	23,705
Other financial assets	5	5
Property, plant & equipment	95,438	84,432
Investment properties	10,533	10,138
Deferred tax assets	8,043	–
Intangible assets	1,628	1,628
Total non-current assets pledged as security	142,564	119,908
Total assets pledged as security	314,663	302,213

(b) Fair value	2014		2013	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
The carrying amount and fair values of borrowings at balance date are:				
On-balance sheet				
Bank overdraft	27,250	27,250	57,500	57,500
Bills payable	23,534	23,028	14,357	12,521
Lease liabilities	5,993	6,521	7,422	8,301
Non-traded financial liabilities	56,777	56,799	79,279	78,322

None of the classes of borrowings are readily traded on organised markets in standardised form. Fair value is inclusive of costs which would be incurred on settlement of liability. The fair value of on-balance sheet borrowings is based upon market prices where a market exists or by discounting expected future cash flows by the current interest rates for liabilities with similar risk profiles.

(c) Risk exposures

Information about the Group's exposure to interest rate changes is provided in note 25.

	CONSOLIDATED 2014 $'000	2013 $'000
Note 20. Non-Current Liabilities – Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Prepayments	**86**	85
Inventories	**452**	298
Depreciation	**786**	729
Unrealised foreign exchange gains	**–**	88
Accrued revenue	**218**	62
Investment property	**1,747**	1,747
Business related capital expenses	**501**	405
	3,790	3,414
Amounts recognised directly in equity		
Revaluation of land and buildings	**2,030**	2,030
Executive Performance Rights Plan	**–**	13
Deferred tax liabilities	**5,820**	5,457
Set-off deferred tax assets pursuant to set-off provisions (note 13)	**5,820**	4,665
Net deferred tax liabilities	**–**	792
Movements:		
Opening balance at 1 July	**5,457**	5,419
Credited (charged) to the statement of comprehensive income (note 5)	**350**	25
Credited (charged) to equity	**13**	13
Closing Balance 30 June	**5,820**	5,457
Deferred tax liabilities to be settled within 12 months	**1,017**	775
Deferred tax liabilities to be settled after more than 12 months	**4,803**	4,682
	5,820	5,457
Note 21. Non-Current Liabilities – Provisions		
Employee benefits – long service leave	**852**	524
	852	524

	PARENT ENTITY			
	2014 Number of Shares	2013 Number of Shares	**2014 Value $'000**	2013 Value $'000
Note 22. Contributed Equity				
(a) Share capital				
Ordinary shares – fully paid	**56,098,797**	55,246,173	**73,856**	69,607
	56,098,797	55,246,173	**73,856**	69,607

	Date	Notes	Number of Shares	Issue Price $	$'000
(b) Movement in ordinary share capital					
Opening balance					
Ordinary share capital	30-Jun-13		55,246,173		69,607
Dividend reinvestment (Final Div)	27-Sep-13	(c)	723,338	4.20	3,038
Executive performance rights	24-Jan-14	(f)	129,286	9.37	1,211
Total movements in share capital			852,624		4,249
Balance	30-Jun-14		56,098,797		73,856

(c) Shareholders of Warrnambool Cheese and Butter Company Holdings Limited receive dividends paid on their shareholdings in cash or shares or a combination of both.

(d) Under the Employee Share Plan, at the discretion of the board, an issue of $1,000 worth of shares per annum, at no cost, can be made to each eligible employee. Eligible employees are all permanent employees with at least one year's equivalent full time service and all casual/seasonal employees with at least two year's equivalent full time service. No shares were issued under this plan in 2014.

(e) A Supplier Share Plan is in place where company milk suppliers are entitled, at certain times, to purchase shares at a discount rate to the current market. The times when this offer is open is at the discretion of the company. At 30 June the plan was not open. No shares were issued under this plan this financial year.

(f) An Executive Performance Rights Plan is in place. During 2014, a total of 129,286 shares were issued to participants in the plan.

(g) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other listed entities, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital, where net debt is borrowings less cash and cash equivalents and total capital is equity plus net debt.

During 2014, the Group's strategy, which was unchanged from 2013, was to maintain a gearing ratio within a 25% to 50% range or above or below for a short-term in unforeseen circumstances. The gearing ratios at 30 June 2014 and 30 June 2013 were as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Total borrowings	**56,777**	79,279
Less cash and cash equivalents	**(2,414)**	(3,794)
Net debt	**54,363**	75,485
Total equity	**183,980**	161,803
Total capital	**238,343**	237,288
Gearing ratio	**23%**	32%

	CONSOLIDATED 2014 $'000	2013 $'000
Note 23. Reserves and Retained Profits		
(a) Asset revaluation reserve		
Movements		
Balance 1 July	**5,222**	5,221
Balance 30 June	**5,222**	5,221
(b) Capital reserve		
Movements		
Balance 1 July	**7,014**	7,014
Balance 30 June	**7,014**	7,014
(c) Hedging reserve		
Movements		
Balance 1 July	**(2,760)**	(377)
Revaluation – gross	**3,942**	(3,404)
Deferred tax (note 20)	**(1,182)**	1,021
Balance 30 June	–	(2,760)
(d) Executive Performance Rights Plan		
Movements		
Balance 1 July	**31**	–
Transfer from retained earnings	**(44)**	44
Deferred tax (note 20)	**13**	(13)
Balance 30 June	**–**	31
Balance of reserves at the end of the financial year	**12,236**	9,507
(e) Retained profits		
Movements		
Balance 1 July	**82,689**	81,210
Net profit/(loss) for the year	**21,276**	7,490
Dividends provided for or paid	**(6,077)**	(6,011)
Balance 30 June	**97,888**	82,689

(f) Nature and purpose of reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(j).

(ii) Capital reserve

The capital reserve is used to record capital profits made on the non-reciprocal contribution of a non-current asset.

(iii) Hedging reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(r). Amounts are recognised in the profit and loss when the associated hedge transaction affects profit and loss.

(iv) Executive Performance Rights Plan Valuation Adjustment

The Executive Performance Rights Plan Valuation Adjustment is used to record increments and decrements on the value of the rights as described in note 1(x). Amounts are recognised in the profit and loss when the associated revaluation transaction affects profit and loss.

	PARENT ENTITY 2014 $'000	2013 $'000
Note 24. Dividends		
(a) Dividends provided for or paid out of prior year's profits		
Ordinary shares		
Final dividend of 11.0 cents per fully paid share paid 27 September 2013 fully franked @ 30%	**6,077**	6,011
Total dividends provided for or paid out of prior year's profits	**6,077**	6,011
(b) Dividends provided for or paid out of current year's profits		
Ordinary shares		
No interim dividend declared	**–**	–
Total dividends provided for or paid out of current year's profits	**–**	–
(c) Dividends not recognised at year end		
Ordinary shares – final dividend		
No final dividend declared	**–**	6,077
Total dividends not recognised at year end	**–**	6,077
(d) Franked dividends		
Franking credits available for subsequent financial years based on a tax rate of 30% (2013 – 30%)	**41,263**	32,425

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability

(b) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and

(c) franking credits that may be prevented from being distributed in subsequent financial years.

Note 25. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group'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 Group. The Group 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 and ageing analysis for credit risk.

Financial risk management is carried out by the treasury function within the finance department. The finance department identifies, evaluates and hedges financial risks in accordance with approved Board practices and policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risk, use of derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group exports commodities and is exposed to foreign exchange risk from currency exposures to the US dollar. The risk is measured using sensitivity analysis and cash flow forecasting. Forward contracts and options are used to manage foreign exchange risk.

Note 25. Financial Risk Management (cont.)

The Group's risk management policy is to hedge 100% of contracted and 50% of anticipated sales transactions in US dollars for no more than the subsequent 12 months. 100% of projected sales qualify as "highly probable" for hedge accounting purposes.

The Board has resolved that in exceptional circumstances further hedges may be taken outside the above policy on approval by any two of the Chairman of the Board, the Chairman of the Audit & Risk Committee and the Chief Executive Officer.

The Group's exposure to foreign currency risk at reporting date was as follows:

	2014 USD $'000	2013 USD $'000
Forward Exchange Contracts sell foreign currency (cash flow hedges)	**–**	64,751

Group Sensitivity

Based on financial instruments held at 30 June 2014, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the year would have increased $0/decreased $0 (2013 – increased $400,107/decreased $327,360), as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table. There was no exposure for 2014, whilst exposure for 2013 was due to an ineffective hedge position on forward exchange contracts. Equity would have been $0 lower/$0 higher (2013 – $4,175,000 lower/$5,103,000 higher) had the Australian dollar weakened/strengthened by 10% against the US dollar, arising from forward foreign exchange contracts designated as cashflow hedges. Equity is more sensitive to movements in the Australian dollar/US dollar exchange rate in 2014 than 2013 because of the decreased amount in forward exchange contracts recognised as effective hedges.

(ii) Cash flow and fair value interest rate risk

The Groups interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. Group practice is to fix rates for approximately 50% of its long-term borrowings. This practice has been continued during 2014. All borrowings were denominated in Australian dollars in 2014 and 2013.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	2014		2013	
	Weighted Average Interest Rate %	**Balance $'000**	Weighted Average Interest Rate %	Balance $'000
Bank overdrafts and bank loans	**2.7%**	**46,612**	3.5%	66,690

An analysis by maturity is provided in (c) below.

Group Sensitivity

The Group had no material sensitivity to movements in interest rates at 30 June 2014 or 30 June 2013.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets (notes 6, 8 and 10). The Group generally retains title over goods until full payment is received.

The Group trades with recognised, creditworthy third parties, and as such collateral is generally not requested nor is it the Group's practice to securitise its trade and other receivables. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, including assessment of financial position, past experience, industry reputation and credit rating. For new export customers the Group may take security in the form of letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. At 30 June 2014 the Group had trade credit insurance of AUD$56,110,000 on selected export customers.

Receivables balances are monitored on an ongoing basis to ensure all accounts are trading within agreed terms. Receivables outside terms are proactively managed with the result that the Group's exposure to bad debts is generally not significant.

There are no significant concentrations of credit risk within the Group and financial instruments are spread across three financial institutions, who presently have Standard and Poor's rating of AA-, to minimise the risk of default of counterparties.

Note 25. Financial Risk Management (cont.)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, through the availability of funding via adequate amounts of committed credit facilities and the ability to close-out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Groups treasury function maintains flexibility in funding by keeping committed credit lines available with its major banking partner.

The Group has access to the following undrawn borrowing facilities at the reporting date:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Bank overdrafts	**52,664**	23,794
Bank loans and bills	**10,523**	18,290
	63,187	42,084

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. The bank loans may be drawn at any time and are subject to annual review. Bank loans have an average maturity of 2.0 years (2013 – 2.0 years)

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group – At 30 June 2014	**Less than 6 months $'000**	**6 – 12 months $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Total contractual cash flows $'000**	**Carrying amount $'000**
Non-derivatives						
Non-interest bearing	**58,676**	**–**	**–**	**–**	**58,676**	**58,676**
Variable rate	**50,394**	**499**	**12**	**–**	**50,905**	**50,784**
Fixed rate	**1,180**	**1,180**	**2,105**	**2,056**	**6,521**	**5,993**
	110,250	**1,679**	**2,117**	**2,056**	**116,102**	**115,453**

Group – At 30 June 2013	Less than 6 months $'000	6 – 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Non-derivatives						
Non-interest bearing	51,844	–	–	–	51,844	51,844
Variable rate	67,612	1,223	1,770	–	70,605	70,484
Fixed rate	1,493	1,504	2,773	3,971	9,741	8,776
	120,949	2,727	4,543	3,971	132,190	131,104

(d) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Note 26. Key Management Personnel Disclosures

(a) Directors

The following persons were directors of Warrnambool Cheese and Butter Factory Company Holdings Limited during the financial year:

Chairman – non-executive

Lino A. Saputo, Jr. (from 9 May 2014)
Terence Richardson (from 28 August 2013 to 9 May 2014)
Francis Davis (from 1 July 2013 to 28 August 2013)

Executive director

David Lord, Managing Director* and CEO

Non-executive directors

R A Andrew Anderson*
Kay Antony*
Louis-Philippe Carrière (from 9 May 2014)
Michael Carroll*
Neville Fielke (from 28 August 2013)
John Gall (resigned 24 October 2013)
Robert Lane*
Terence Richardson (from 1 July 2013 to 28 August 2013 and from 9 May 2014)
Raymond Smith*
Bruce Vallance

*resigned as a Director on 9 May 2014

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
Anthony Cook	General Manager Milk Supply	The Warrnambool Cheese and Butter Factory Company Limited
William Hannah	Chief Financial Officer	The Warrnambool Cheese and Butter Factory Company Limited
Bernard Kavanagh	General Manager Corporate Development	The Warrnambool Cheese and Butter Factory Company Limited
Paul Moloney	Company Secretary	The Warrnambool Cheese and Butter Factory Company Limited
William Slater	General Manager Retail Dairy	The Warrnambool Cheese and Butter Factory Company Limited
Richard Wallace	General Manager Operations	The Warrnambool Cheese and Butter Factory Company Limited
John Williams	General Manager Sales, Marketing & Innovation	The Warrnambool Cheese and Butter Factory Company Limited
Ross Martin	General Manager ICT & Program Management Office	The Warrnambool Cheese and Butter Factory Company Limited

All of the above were other key management personnel in 2014.

	CONSOLIDATED	
	2014 $	2013 $
(c) Key management personnel compensation		
Short-term employee benefits	**4,147,319**	3,728,459
Post-employment benefits	**302,943**	283,734
Long-term benefits	**1,277,474**	129,765
	5,727,736	4,141,958

Under the *Corporations Act 2001* and Regulation 2M.3.03 the Group is required to report remuneration information in the Director's report. The same remuneration information is required in the financial statements in accordance with *AASB124* Related Party Disclosures. The standard, to avoid duplication, has provided relief so that required information, if disclosed in the Director's report, does not need to be included in the financial statements. Remuneration information contained in the Director's report is subject to audit to ensure requirements of accounting standards are met.

Note 26. Key Management Personnel Disclosures (cont.)

(d) Equity instrument disclosures relating to key management personnel

The number of shares in the Company held during the financial year by each director of Warrnambool Cheese and Butter Factory Company Holdings Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period under the employee share plan.

2014	Balance at start of year	Net change	Balance at year end
Directors			
Louis-Phillipe Carrière	–	–	–
Neville Fielke	–	–	–
Terence Richardson	668	(668)	–
Lino A. Saputo, Jr.	–	–	–
Bruce Vallance	74,414	(74,414)	–
Executives			
Anthony Cook	74,041	(74,041)	–
William Hannah	1,143	(1,133)	10
Bernard Kavanagh	597,841	(597,841)	–
David Lord	10,000	(10,000)	–
Ross Martin	–	–	–
Paul Moloney	1,336	(1,326)	10
William Slater	921	(921)	–
Richard Wallace	50,976	(50,976)	–
John Williams	1,330	(1,330)	–

2013	Balance at start of year	Net change	Balance at year end
Directors			
R A Andrew Anderson	30,647	1,041	31,688
Kay Antony	1,334	6,205	7,539
Michael Carroll	–	–	–
Francis Davis	38,334	–	38,334
John Gall	1,267,641	170	1,267,811
David Lord	10,000	–	10,000
Terence Richardson	668	–	668
Raymond Smith	–	–	–
Bruce Vallance	72,022	2,392	74,414
Executives			
Anthony Cook	74,006	35	74,041
William Hannah	1,143	–	1,143
Bernard Kavanagh	597,841	–	597,841
Ross Martin	–	–	–
Paul Moloney	1,291	45	1,336
William Slater	921	–	921
Richard Wallace	49,297	1,679	50,976
John Williams	1,286	44	1,330

(e) Loans to key management personnel

Loans are not provided to directors of Warrnambool Cheese and Butter Factory Company Holdings Limited or executives, except where the Director is a Supplier Director they are entitled to receive an interest free advance to purchase feed or fertiliser on the same terms and conditions as available to all suppliers of milk to the company.

As at 30 June 2014 Supplier Director Terence Richardson, who is also a supplier of milk to the company, through a related party, had an interest free feed/fertiliser advance of $34,105 which is due to be repaid in full by 12 February 2015.

(f) Other transactions with key management personnel

No other amounts were paid to key management personnel.

	CONSOLIDATED 2014 $	2013 $
Note 27. Remuneration of Auditors		
(a) Audit and other assurance services		
Coffey Hunt		
Audit and review of financial statements	**275,530**	156,000
Total remuneration for audit and other assurance services	**275,530**	156,000
(b) Taxation services		
Coffey Hunt		
Tax compliance services, including review of company tax returns	**5,062**	4,150
Total remuneration for taxation services	**5,062**	4,150
(c) Advisory services		
Coffey Hunt		
Other minor accounting services	**22,950**	–
Total remuneration for advisory services	**22,950**	–
Total remuneration for auditors	**303,542**	160,150

The Group employs Coffey Hunt on assignments additional to their statutory audit duties as their expertise and experience with the Group are important. These assignments are principally small in nature and linked closely to work performed during audit services.

	CONSOLIDATED 2014 $'000	2013 $'000
Note 28. Commitments		
(a) Capital commitments		
Commitments for the acquisition of plant & equipment contracted for at the reporting date but not recognised as liabilities payable	**3,437**	24,935
Not later than one year	**3,437**	24,935
(b) Lease Commitments: Group as lessee		
(i) Non-cancellable operating leases		
The Group leases offices and storage facilities under non-cancellable operating leases expiring within one to four years. The leases have varying terms, escalation clauses and renewal rights.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**273**	229
Later than one year but not later than five years	**269**	493
	542	722
(ii) Cancellable operating leases		
The Group also has rental properties on short-term cancellable leases.		
Commitments in relation to operating leases contracted for at reporting date but not recognised as liabilities, payable:		
Within one year	**37**	14
	37	14

	CONSOLIDATED	
	2014 $'000	2013 $'000

Note 28. Commitments (cont.)

(b) Lease Commitments: Group as lessee (cont.)

(iii) Finance Leases

The Group leases part of its tanker fleet with a carrying amount of $5,993,000 (2013: $7,402,000) under finance leases expiring within one to four years. Under the terms of the lease, the Group has the option to acquire the leased assets on expiry of the leases.

	2014 $'000	2013 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**2,361**	2,015
Later than one year but not later than five years	**4,161**	6,287
Minimum Lease Payments	**6,522**	8,302
Less: Future finance charges	**(528)**	(900)
Total finance lease liability	**5,994**	7,402
Representing lease liabilities:		
Current (note 16)	**2,058**	1,636
Non-current (note 19)	**3,935**	5,786
	5,993	7,421

The weighted average interest rate implicit in the finance leases is 5.78% (2013: 5.93%).

Note 29. Investments in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy described in note 1(b).

	Country of incorporation	**Class of Shares**	**Equity Holding**	**Equity Holding**	**Cost of parent entity investment**	
Name of entity			**2014 %**	**2013 %**	**2014 $'000**	**2013 $'000**
The Warrnambool Cheese and Butter Factory Company Limited	Australia	Ordinary	**100**	100	**15,124**	15,124
Australian Dairy Products Pty Ltd	Australia	Ordinary	**100**	100	**1**	1
Warrnambool Milk Products Pty Limited	Australia	Ordinary	**100**	100	**7,455**	7,455
Warrnambool Milk Products Pty Limited	Australia	Preference	**100**	100	**2,609**	2,609
Protein Technology Victoria Pty Ltd	Australia	Ordinary	**100**	100	**7,082**	7,082
					32,271	32,271

All subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 (as amended) issued by the Australian Securities Investment Commission. For further information refer to note 30.

Note 30. Deed of Cross Guarantee

Warrnambool Cheese and Butter Factory Company Holdings Limited, The Warrnambool Cheese and Butter Factory Company Limited, Australian Dairy Products Pty Ltd, Warrnambool Milk Products Pty Limited and Protein Technology Victoria Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities Investments Commission.

As the above companies represent the entire Group of companies in this consolidated report there are no differences to the consolidated financial statements from that of the Group of companies party to the deed of cross guarantee.

Note 31. Related Party Transactions

(a) Parent entity

The parent entity within the Group is Warrnambool Cheese and Butter Factory Company Holdings Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 29.

Note 31. Related Party Transactions (cont.)

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 26.

(d) Transactions with related parties

Transactions between the parent entity and other entities in the consolidated entity consist of wholemilk sales, services and transfer of tax related amounts under a tax sharing agreement.

	PARENT ENTITY	
	2014 $	2013 $
The following transactions occurred with related parties:		
Sales of good and services		
Sale of wholemilk to subsidiaries	**356,798,670**	294,952,808

Directors

At balance date Terence Richardson and Bruce Vallance were directors and suppliers of milk to the company.

Payments to directors for milk and associated dealings are on an identical basis as other non-director milk suppliers. Any associated dealings are disclosed as an other transaction with key management personnel in note 26(f).

(e) Outstanding balances arising from sales/purchase of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:		
Current receivables/(payables) – (tax funding agreement)		
Wholly-owned tax consolidated entities	**–**	–

No provision for impairment of receivables has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or impaired debts due from related parties.

(f) Loans to/from related parties

Loans to subsidiaries		
Beginning of the year	**84,970,347**	94,802,578
Loan advance	**10,007,922**	–
Loan repayments received	**–**	(9,832,231)
End of year	**94,978,269**	84,970,347

There is no interest charged on loans to subsidiaries.

	CONSOLIDATED	
	2014 $'000	2013 $'000

Note 32. Reconciliation of Profit/(Loss) after Income Tax to Net Cash Inflow (Outflow) from Operating Activities

Operating Profit/(loss) after income tax	**21,276**	7,490
Depreciation and amortisation	**12,661**	11,847
Non-cash employee benefits expense – share-based payments	**1,216**	65
Fair value adjustment to investment property	**–**	(32)
Net (gain)/loss on sale of non-current assets	**(210)**	(392)
Share of (profits)/losses of joint ventures	**(3,863)**	(1,688)
Revaluation of foreign investment	**(14)**	17
Dividends received joint ventures	**637**	1,032
Fair value adjustments to derivatives	**(195)**	359
Change in operating assets and liabilities:		
Decrease (increase) in trade debtors	**14,022**	(17,896)
Decrease (increase) in inventories	**(4,987)**	978
Decrease (increase) in deferred tax assets	**(8,043)**	(4,665)
Increase (decrease) in trade creditors	**6,041**	(3,431)
Increase (decrease) in provision for income taxes payable	**2,647**	1,546
Increase (decrease) in deferred tax liabilities	**3,846**	5,354
Increase (decrease) in other provisions	**1,259**	385
Net Cash Inflow (Outflow) from Operating Activities	**46,293**	969

Note 33. Segment Information

The board has determined the operating segments based on the reports reviewed by the board and executive that are used to make strategic decisions. The board and executive meet regularly to discuss, review and plan strategic initiatives.

The board and executive consider the business from a product group perspective and has identified three reportable segments. Commodities consist of dairy products, cheese, skim milk powder, butter, cream and whey protein concentrate which are manufactured in Australia and sold in domestic and export markets to wholesale customers. Consumer goods consists of branded products sold for retail sale, namely Sungold and Great Ocean Road (packaged milk), Enprocal (nutritional products) and Warrnambool and Great Ocean Road (cheese products). Other consists of revenue generating units that do not relate to either commodities or retail segments. Information about segment assets and liabilities are not reported to the board and executive.

(a) Strategic information provided to the board and executive

The segment information provided to the board and executive for the reportable segments for the year ended 30 June 2014 is as follows:

	Commodities $'000	**Consumer Goods $'000**	**Other $'000**	**Total $'000**
30 June 2014				
Total segment revenue	**958,254**	**62,925**	**20,913**	**1,042,092**
Inter-segment revenue	**(428,107)**	**(117)**	**(4,964)**	**(433,188)**
Revenue from external customers	**530,147**	**62,808**	**15,949**	**608,904**
Adjusted EBIT	**44,906**	**(7,727)**	**(7,765)**	**29,414**
Share of joint ventures profits/(losses)				**3,863**
Unrealised financial instruments gains/(losses)				**(846)**
EBIT				**32,431**
30 June 2013				
Total segment revenue	784,170	56,870	21,110	862,150
Inter-segment revenue	(360,959)	(113)	(4,718)	(365,790)
Revenue from external customers	423,211	56,757	16,392	496,360
Adjusted EBIT	12,151	(2,045)	2,193	12,299
Share of joint ventures profits/(losses)				1,688
Unrealised financial instruments gain/(losses)				(399)
EBIT				13,588

(b) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the board and executive is measured in a manner consistent with the statement of comprehensive income.

Revenues from external customers are derived from the sale of dairy commodities on a wholesale basis and consumer goods on a wholesale and retail basis. A breakdown of revenue and results is provided in the table above.

Segment revenue reconciles to total revenue as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Total segment revenue	**1,042,092**	862,150
Intersegment eliminations	**(433,188)**	(365,790)
Interest revenue	**91**	145
Total revenue (note 2 and note 3)	**608,995**	496,505

Note 33. Segment Information (cont.)

(ii) Adjusted EBIT

The board and executive assess the performance of the operating segments based on a measure of EBIT. This measure excludes effects of any non-recurring expenditure from the operating segments such as restructuring costs. Furthermore, the measure excludes the effect of equity-settled share based payments, unrealised gains/losses on financial instruments and equity accounted share of profits/losses from joint ventures. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

A reconciliation of adjusted EBIT to operating profit before income tax is provided as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Adjusted EBIT	**29,414**	12,299
Interest revenue	**91**	145
Finance costs	**(3,658)**	(4,142)
Share of joint ventures' profits/(losses)	**3,863**	1,688
Unrealised financial instrument gains/(losses)	**(846)**	(399)
Profit/(loss) before income tax (expense)/benefit	**28,863**	9,591

Note 34. Contingent Liabilities

(a) Milk vat loan arrangement

The Group has a contingent liability to refund existing suppliers a portion of the interest under a specific milk vat loan arrangement. The liability is extinguished immediately a supplier ceases to supply milk to the company. At 30 June 2014 the maximum amount of the contingent liability was $102,000 (2013: $128,000).

	CONSOLIDATED	
	2014 Cents	2013 Cents
Note 35. Earnings Per Share		
(a) Basic earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company	**38.1**	13.6
(b) Diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company	**38.1**	13.6

	CONSOLIDATED	
	2014 Number of Shares	2013 Number of Shares
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and alternative basic earnings per share	**55,849,455**	55,096,794

Note 36. Share-Based Payments

(a) Employee share scheme

A scheme under which shares may be issued by the Company to employees for no consideration was approved by shareholders at the 2004 annual general meeting. Eligible employees (excluding executive directors) are employees with at least one year's equivalent full time service and all casual/seasonal employees with at least two year's equivalent full time service.

Under the scheme, eligible employees may be granted up to $1,000 worth of fully-paid ordinary shares in Warrnambool Cheese and Butter Factory Company Holdings Limited from time to time for no consideration. The market value of the shares issued under the scheme measured by the weighted average share price on the day of issue of the shares, is recognised in the balance sheet as share capital and as part of employee benefits expense in the period the shares are granted.

Offers under the scheme are at the discretion of the Company and shares may not be sold until the earlier of three years after issue or cessation of employment by the Group. In all other respects the shares rank equally with other fully paid ordinary shares on issue.

The number of shares issued to participants in the scheme is the offer amount divided by the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the five days immediately before the date of the offer.

	PARENT ENTITY	
	2014 Number of Shares	2013 Number of Shares
Shares issued under the plan to participating employees	**–**	9,078

(b) Executive Performance Rights Plan

A scheme under which shares may be issued by the company to executives for no consideration (Note1(x)).

Shares issued under the executive performance rights plan to participating executives	**129,286**	–

Each participant was issued with shares based on the weighted average market price of $9.41.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits and executive performance rights plan expenses were as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Shares issued under employee share scheme	**–**	34
Shares issued under the executive performance rights plan to participating executives	**1,211**	–

	CONSOLIDATED	
	2014 $'000	2013 $'000

Note 37. Interest in Joint Ventures

The Group has a 50% ownership interest and voting rights in Great Ocean Ingredients Pty Ltd, which is resident in Australia and the principal activity of which is to manufacture galacto-oligosaccharides (GOS) for sale to infant formula manufacturers.

The Group has a 49% ownership interest and voting rights in Warrnambool Cheese and Butter Japan Company Limited, which is resident in Japan and the principal activity of which is to trade dairy commodities in the Japanese market.

The interest in Great Ocean Ingredients Pty Ltd and Warrnambool Cheese and Butter Japan Company Limited is accounted for in the consolidated financial statements using the equity method of accounting (note 9).

Information relating to all the joint ventures is set out below.

	2014 $'000	2013 $'000
Carrying amount of investment in joint ventures	**26,917**	23,705
Share of material joint venture's assets and liabilities		
Current assets	**10,937**	9,390
Non-current assets	**29,133**	31,649
Total assets	**40,070**	41,039
Current liabilities	**2,048**	2,991
Non-current liabilities	**15,393**	18,650
Total liabilities	**17,440**	21,640
Net assets	**22,630**	19,399
Share of material joint venture's revenue, expenses and results		
Revenues	**19,099**	15,566
Expenses	**(14,508)**	(14,998)
Profit/(loss) before income tax	**4,591**	568
Income tax (expense)/benefit	**(1,360)**	(127)
Total Comprehensive Income	**3,231**	441
Share of joint venture's assets and liabilities not individually material		
Current assets	**17,613**	20,369
Non-current assets	**62**	61
Total assets	**17,675**	20,431
Current liabilities	**15,597**	18,203
Non-current liabilities	**–**	36
Total liabilities	**15,597**	18,239
Net assets	**2,078**	2,192
Share of joint venture's revenue, expenses and results not individually material		
Revenues	**60,175**	42,752
Expenses	**(59,145)**	(40,700)
Profit/(loss) before income tax	**1,030**	2,052
Income tax (expense)/benefit	**(399)**	(805)
Total Comprehensive Income	**632**	1,247
Share of joint venture's commitments		
Capital commitments	**199**	345

	PARENT ENTITY	
	2014 $'000	2013 $'000
Note 38. Parent Entity Information		
Parent entity assets and liabilities		
Current assets	**116,027**	113,850
Non-current assets	**35,783**	28,362
Total assets	**151,810**	142,212
Current liabilities	**40,134**	34,027
Non-current liabilities	**–**	1,625
Total liabilities	**40,134**	35,652
Net assets	**111,676**	106,560
Contributed equity	**73,856**	69,607
Retained profits	**37,820**	36,953
Total equity	**111,676**	106,560
Parent entity profit/(loss)		
Profit/(loss) before income tax	**9,920**	7,227
Income tax (expense)/benefit	**(2,976)**	(2,168)
Profit/(loss) after income tax	**6,944**	5,059
Parent entity total comprehensive income		
Total comprehensive income for the year	**6,944**	5,059

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes, as set out on pages 25 to 63, are in accordance with the Corporations Act 2001, including

(i) complying with Accounting Standards, the *Corporations Regulations 2001*; and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the economic entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date.

(b) there are reasonable grounds to believe that Warrnambool Cheese and Butter Factory Company Holdings Limited will be able to pay its debts as and when they become due and payable.

(c) the financial statements and notes comply with the International Financial Reporting Standards, as stated in note 1(a)(i).

(d) at the date of this declaration there are reasonable grounds to believe that the members of the group of companies identified in note 30 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 30.

The directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Lino A. Saputo, Jr.
Chairman

Neville Fielke
Independent Director

Allansford
20 August 2014

Independent Auditor's Report

Coffey Hunt
CHARTERED ACCOUNTANTS

Independent Auditor's Report to the Members of Warrnambool Cheese and Butter Factory Company Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Warrnambool Cheese and Butter Factory Company Holdings Limited (the consolidated entity), which comprises the balance sheet as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies, and other explanatory information and the directors' declaration of the company and the consolidated entity comprising the company Warrnambool Cheese and Butter Factory Company Holdings Limited and the entities it controlled at the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1(a)(i), 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. These Auditing 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 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 opinions.

Independence

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

Auditor's Opinion

In our opinion,

(a) the financial report of Warrnambool Cheese and Butter Factory Company Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2014 and of their 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 1(a)(i).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 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 Warrnambool Cheese and Butter Factory Company Holdings Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Coffey Hunt.

Coffey Hunt
Chartered Accountants

C.J. Kol
Partner

Dated at Warrnambool, 20 August 2014

Corporate Directory

Chairman of Directors
Lino A. Saputo, Jr.

Directors
Louis-Philippe Carrière
Neville Fielke
Terence Richardson
Bruce Vallance

Associate Director
Dino Dello Sbarba

Company Secretary
Paul Moloney

Bankers
National Australia Bank Ltd
330 Collins Street
Melbourne 3000

Australia and New Zealand
Banking Group Limited
530 Collins Street
Melbourne 3000

Solicitors
Minter Ellison
525 Collins Street
Melbourne 3000

Auditors
Coffey Hunt
199 Koroit Street
Warrnambool 3280

Subsidiary Companies
The Warrnambool Cheese and Butter Factory Company Limited
Australian Dairy Products Pty Ltd
Protein Technology Victoria Pty Ltd
Warrnambool Milk Products Pty Limited

Joint Ventures
Great Ocean Ingredients Pty Ltd
Warrnambool Cheese and Butter Japan Company Limited

Registered Office
5331 Great Ocean Road
Allansford 3277

Telephone (03) 5565 3200
Facsimile (03) 5565 3156

Email wcbf@wcbf.com.au
Website www.wcbf.com.au

Place of Incorporation
Victoria, Australia

Australian Company Number
071 945 232

Group Australian Business Number
15 071 945 232

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WARRNAMBOOL
EST'D 1888
CHEESE & BUTTER