25 May 2016

ASX Announcement

Release of Preliminary Final Report for the Year Ended 31 March 2016

Attached for release to the market are Warrnambool Cheese and Butter Factory Company Holdings Limited (ASX:WCB) Appendix 4E and Financial Report for the year ended 31 March 2016.

Yours faithfully,

Paul Moloney
Company Secretary

Warrnambool Cheese and Butter Factory Company Holdings Limited
Appendix 4E Preliminary Final Report for the Year Ended 31 March 2016

1. The reporting period is the year ended 31 March 2016 with the previous corresponding year ended ended 31 March 2015.

2. Results for announcement to the market:

Appendix 4E Item No.	Particulars		12 months to March 2016 $000s	12 months to March 2015 $000s	Increase/ (Decrease)	% Change	Up/ Down
2.1	Revenue from Ordinary Activities	$'000	653.1	608.2	44.9	7.4%	up
2.2	Profit/(Loss) from ordinary activities after Tax attributable to Members	$'000	4.2	40.4	(36.2)	(89.6%)	down
2.3	Net Profit/(Loss) attributable to Members	$'000	4.2	40.4	(36.2)	(89.6%)	down
2.4	Dividends/distributions:						
	Final dividend - 31 March 2016	Cents per security	Nil	Nil	-	-	-
	Interim dividend - 30 September 2015	Cents per security	Nil	Nil	-	-	-
2.5	Record date		N/A	N/A			
2.6	Result explanation	The decrease in profits is due to declines in global international commodity prices and a high raw milk cost relative to market conditions. Profits from the Company's consumer goods business, which includes the everyday cheese business ("EDC business"), acquired from Lion-Dairy & Drinks Pty Ltd on 25 May 2015, and the positive effect of the depreciation in the Australian dollar only partially offset the effect of the above.					

3. Net tangible assets per security:

Appendix 4E Item No.	Particulars		12 months to March 2016 $000s	12 months to March 2015 $000s	Increase/ (Decrease)	% Change	Up/ Down
9	Net tangible assets	$ per security	3.60	3.86	(0.26)	(6.7%)	down

4. Changes in controlled entities:

There were no changes to controlled entities during the year ended 31 March 2016.

5. Details of individual and total dividends or distributions and payments declared or paid during or subsequent to the year ended 31 March 2016:

Appendix 4E Item No.	Particulars	Amount per security cents	Total Dividend $	Franked amount per security %	Foreign sourced dividend amount per security
7	30 September 2015 interim dividend	Nil	$0	N/A	N/A
	31 March 2016 final dividend	Nil	$0	N/A	N/A

6. Dividend reinvestment plans:

   No final dividend was declared for FY2016 and the Board does not intend to declare any as the Directors have decided to retain cash to deleverage its balance sheet and for investment into the business for growth, investment and development.

7. Details of associates or Joint Ventures:

Appendix 4E Item No.	Associates or Joint Ventures	Holding %	Profit share %	Profit/(Loss) contribution 12 months to March 2016 ($'000)	Profit/(Loss) contribution 12 months to March 2015 ($'000)	Increase/ (Decrease)	% Change	Up/ Down
11	Great Ocean Ingredients Pty Ltd	50%	50%	6,806	6,249	557	8.9%	up
		Great Ocean Ingredients Pty Ltd's earnings in FY2016 realised the benefits of plant operating efficiencies and a lower exchange rate.						
11	Warrnambool Cheese and Butter Japan Company Ltd.	49%	49%	452	1,440	(988)	(68.6%)	down
		Warrnambool Cheese and Butter Japan Company Limited's earnings in FY2016 were impacted by the fall in global international commodity prices.						

8. Foreign Accounting Entities:

   Not applicable.

9. Auditors review:

   This report is based on accounts which have been reviewed by independent auditors, Deloitte Touche Tohmatsu, refer to the attached Warrnambool Cheese and Butter Factory Company Holdings Limited 31 March 2016 report.

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

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 25 May 2016. The Company has the power to amend and reissue the financial report.

Consolidated Statement of Comprehensive Income

for the period ended 31 March 2016

	Notes	CONSOLIDATED **2016** **12 mths** **$'000**	 2015 9 mths $'000
Revenue from continuing operations	2	**642,419**	439,541
Other income	3	**10,631**	14,632
Changes in inventories of finished goods and work in progress		**(11,515)**	34,794
Raw materials and consumables used		**(485,858)**	(361,572)
Depreciation and amortisation expense	4	**(16,080)**	(10,013)
Finance costs	4	**(5,930)**	(1,551)
Asset impairment		**–**	(3,401)
Distribution expense		**(32,155)**	(16,171)
Employee benefits expense		**(73,095)**	(40,165)
Other expenses		**(32,795)**	(18,107)
Share of net profits/(losses) of joint ventures accounted for using the equity method	8	**7,258**	7,580
Profit/(Loss) before income tax (expense)/benefit		**2,880**	45,567
Income tax (expense)/benefit	5	**1,338**	(11,262)
Profit/(Loss) for the year		**4,218**	34,305
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(326)**	–
Net fair value gain on other financial assets		**9,082**	–
Other comprehensive income for the year, net of tax		**8,756**	–
Total comprehensive income for the year		**12,974**	34,305
Profit/(Loss) attributable to owners of Warrnambool Cheese and Butter Factory Company Holdings Limited		**4,218**	34,305
Total comprehensive income attributable to owners of Warrnambool Cheese and Butter Factory Company Holdings Limited		**12,974**	34,305
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic earnings per share	34	**7.5**	61.2
Diluted earnings per share	34	**7.5**	61.2

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

Consolidated Balance Sheet

as at 31 March 2016

	Notes	CONSOLIDATED 31/03/16 $'000	31/03/15 $'000
CURRENT ASSETS			
Cash and cash equivalents	15	**25,742**	9,125
Trade and other receivables	6	**133,049**	95,202
Inventories	7	**195,025**	110,585
Current tax assets	16	**1,466**	–
Assets classified as held for sale	36	**14,349**	–
Total Current Assets		**369,631**	214,912
NON-CURRENT ASSETS			
Investments accounted for using the equity method	8	**37,973**	33,452
Other financial assets	9	**1**	5
Property, plant & equipment	10	**108,890**	94,084
Investment properties	11	**2,976**	9,168
Deferred tax assets	12	**3,593**	4,409
Intangible assets	13	**29,265**	1,628
Total Non-Current Assets		**182,698**	142,746
Total Assets		**552,329**	357,658
CURRENT LIABILITIES			
Trade and other payables	14	**64,602**	66,356
Borrowings	15	**141,860**	53,038
Current tax liabilities	16	**–**	4,444
Provisions	17	**16,314**	12,190
Total Current Liabilities		**222,776**	136,028
NON-CURRENT LIABILITIES			
Borrowings	18	**96,981**	2,615
Provisions	20	**1,313**	730
Total Non-Current Liabilities		**98,294**	3,345
Total Liabilities		**321,070**	139,373
Net Assets		**231,259**	218,285
EQUITY			
Contributed equity	21	**73,856**	73,856
Reserves	22	**20,992**	12,236
Retained profits	22	**136,411**	132,193
Total Equity		**231,259**	218,285

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

Consolidated Statement of Changes in Equity

for the period ended 31 March 2016

	ATTRIBUTABLE TO OWNERS OF WARRNAMBOOL CHEESE AND BUTTER FACTORY COMPANY HOLDINGS LIMITED					
	Contributed equity $'000	**Asset revaluation** reserve **$'000**	**Capital reserve $'000**	**Foreign currency translation reserve $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 1 April 2015	**73,856**	**5,222**	**7,014**	**–**	**132,193**	**218,285**
Profit for the period	**–**	**–**	**–**	**–**	**4,218**	**4,218**
Other comprehensive income for the year, net of income tax	**–**	**9,082**	**–**	**(326)**	**–**	**8,756**
Balance at 31 March 2016	**73,856**	**14,304**	**7,014**	**(326)**	**136,411**	**231,259**
Balance at 1 July 2014	73,856	5,222	7,014	–	97,888	183,980
Profit for the period	–	–	–	–	34,305	34,305
Balance at 31 March 2015	73,856	5,222	7,014	–	132,193	218,285

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

Consolidated Cash Flow Statement

for the period ended 31 March 2016

	Notes	CONSOLIDATED 2016 12 mths $'000	2015 9 mths $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		**638,248**	465,781
Payments to suppliers and employees (inclusive of goods and services tax)		**(639,547)**	(430,419)
Dividends received		**240**	160
Interest received		**55**	38
Finance costs		**(5,930)**	(1,551)
Income tax paid		**(5,355)**	(13,198)
Net Cash Inflow (Outflow) from Operating Activities	31	**(12,289)**	20,811
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		**6**	42
Payments for acquisition	39	**(137,500)**	–
Dividends received from joint ventures		**2,410**	1,058
Payments for property, plant & equipment		**(19,099)**	(10,626)
Net Cash Inflow (Outflow) from Investing Activities		**(154,183)**	(9,526)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**140,000**	518
Repayment of borrowings		**(21,180)**	(24,999)
Net Cash Inflow (Outflow) from Financing Activities		**118,820**	(24,481)
Net Increase (Decrease) in Cash, Cash Equivalents and Overdrafts		**(47,652)**	(13,196)
Cash, cash equivalents and overdrafts at the beginning of the financial year		**(41,482)**	(24,836)
Effects of exchange rate changes on cash, cash equivalents and overdrafts		**(99)**	(3,450)
Cash, cash equivalents and overdrafts at the end of the financial year	15	**(89,233)**	(41,482)

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

Notes to the Financial Statements

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.

In the prior financial period Warrnambool Cheese and Butter has changed it's financial year end close date to 31st March in line with it's parent entity Saputo Inc. As a result the prior period comparative is for nine months from 1st July 2014 to 31st March 2015. Additional disclosure for the change is included in Note 37.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritive 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.

(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.

Key critical accounting estimates are outlined below:

- Inventory is valued at the lower of cost or net realisable value. In determining net realisable value, the expected sales prices are estimated based on future contract prices and expected market outlook.
- Management make a number of estimates as part of assessing assets for impairment. Further details of the impairment assessment process can be found in Note 1 (i).

(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 31 March 2016 and the results of all subsidiaries for the twelve month period 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(x)).

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 and any foreign exchange movements are recognised in reserves on the balance sheet. Details relating to joint ventures are set out in note 8.

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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to AASB 112 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

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 profit or loss, 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 due 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.

Impairment losses are recognised 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

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. 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, retail cheese, lactoferrin 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, retail cheese, lactoferrin 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

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see Note 1 (j) below).

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see Note 1 (j) below).

(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 are 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 27).

(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) 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.

(ii) 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.

(iii) 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 32).

(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.

(iii) Brand Names
Brand names recognised by the company have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events or circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in Note 1(i).

(iv) Intangible Assets Acquired in a Business Combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(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) 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) Rendering of Services
Revenue for the rendering of services is recognised in the period when the service is performed.

(iii) Other
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Rental income is recognised on a straight-line basis over the term of the relevant lease.

(s) Employee Benefits

(i) Short Term Obligations
Liabilities for wages and salaries, 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 annual leave and 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 high quality corporate 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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) 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.

(iv) 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 actuarially review and amounts are expensed as recommended by the actuary.

(t) 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.

(u) 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.

(v) 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.

(w) 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.

(x) 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, except that deferred tax assets or liabilities related to employee benefit arrangements are recognised in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively.

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.

(y) 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.

(z) 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.

(aa) 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.

(ab) 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.

(ac) New Accounting Standards and UIG Interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 31 March 2016 reporting periods.

(i) AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards [Part E – Financial Instruments], AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) *(effective on or after 1 January 2018)*

(ii) AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 *(effective on or after 1 January 2018)*

(iii) AASB 16 Leases, AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax *(effective on or after 1 January 2019)*

(ad) Parent Entity Financial Information

The financial information for the parent entity, Warrnambool Cheese and Butter Factory Company Holdings Limited, disclosed in Note 35 has been prepared on the same basis as the consolidated financial statements.

Notes to the Financial Statements

31 March 2016

	Notes	CONSOLIDATED 2016 12 mths $'000	2015 9 mths $'000
Note 2. Revenue			
Sales Revenue			
Sale of goods		**626,100**	428,079
Sale of services		**15,882**	10,627
		641,982	438,706
Other Revenue			
Rent		**142**	637
Interest		**55**	38
Dividends		**240**	160
		437	835
Revenue from continuing operations		**642,419**	439,541
Note 3. Other Income			
Net gain/(loss) on disposal of property, plant and equipment		**5**	27
Fair value gains on investment properties		**1,058**	85
Government grants (a)		**396**	336
Net foreign exchange gains/(losses)		**9,128**	13,987
Other		**44**	197
		10,631	14,632

(a) Government grants

Grants for the Indigenous Employment Program (IEP) $0 (2015: $4,000) and the energy grants credits scheme of $396,094 (2015: $332,139) were recognised as 'other income' by the Group during the financial year. There are no unfulfilled conditions or other contingencies attached to these grants.

Note 4. Expenses

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

	Notes	2016 12 mths $'000	2015 9 mths $'000
Depreciation			
Buildings		**1,234**	815
Plant & equipment		**14,846**	9,198
Total depreciation		**16,080**	10,013
Finance Costs			
Interest and finance charges paid/payable		**5,930**	1,551
Write down of inventories to net realisable value		**5,053**	2,972
Impairment losses – trade receivables		**379**	219
Research and development		**1,151**	1,769
Employee benefits provided for		**6,586**	3,520
Acquisition-related costs	39	**2,114**	–

	CONSOLIDATED	
	2016 12 mths $'000	2015 9 mths $'000
Note 5. Income Tax		
(a) Income tax expense		
Current tax	**600**	13,580
Deferred tax	**(1,949)**	(2,330)
Under (over) provided in prior years	**11**	12
Aggregate income tax expense/(benefit)	**(1,338)**	11,262
Deferred income tax (benefit) expense included in income tax expense/(benefit) comprises:		
Decrease (increase) in deferred tax assets (note 12)	**(2,923)**	(2,679)
(Decrease) increase in deferred tax liabilities (note 19)	**974**	349
	(1,949)	(2,330)
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Profit/(loss) from operations before income tax expense/(benefit)	**2,880**	45,567
Income tax calculated @ 30% (2015 – 30%)	**864**	13,670
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:		
Depreciation and amortisation	**68**	51
Entertainment	**55**	19
Research and development	**(115)**	(177)
Sundry items	**28**	(39)
Gross dividends received	**1,064**	–
Share of net profits/(losses) of joint ventures	**(2,177)**	(2,274)
	(213)	11,250
Under (over) provision in prior years	**11**	12
Imputation credits	**(1,136)**	–
Income tax expense/(benefit)	**(1,338)**	11,262
(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 12 and 19)	**(2,764)**	(144)
	(2,764)	(144)

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000

Note 6. Current Assets – Trade and Other Receivables

Trade receivables	**109,921**	83,375
Provision for doubtful debts (a)	**(462)**	(459)
	109,459	82,916
Other receivables (c)	**21,850**	11,010
Prepayments	**1,740**	1,276
	133,049	95,202

(a) Provision for doubtful debts

As at 31 March 2016 current trade receivables of the Group with a nominal value of $462,000 (2015: $459,000) were impaired. The amount of the provision was $462,000 (2015: $459,000).

The ageing of these receivables is as follows:

Over 6 months	**462**	459
	462	459

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

At 1 April (2015: 1 July)	**459**	538
Provision for impairment recognised during the year	**382**	140
Receivables written off during the year as uncollectible	**(379)**	(219)
Unused amount reversed	**–**	–
	462	459

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 31 March 2016, Group trade receivables of $28,586,000 (2015: $16,199,000) 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:

Up to 3 months	**25,648**	15,203
3 to 6 months	**2,175**	971
Over 6 months	**763**	25
	28,586	16,199

(c) Other receivables

Includes Goods and Services Tax receivables, advances to milk suppliers and other sundry debtors. For 2016, other receivables includes $9.6 million in relation to the acquisition of the everyday cheese business of Lion-Dairy & Drinks Pty Ltd. 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 24.

(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 24 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000
Note 7. Current Assets – Inventories		
Raw materials and stores – at cost	**94,961**	25,015
Work in progress – at cost	**507**	–
Finished goods – at net realisable value	**39,177**	2,074
Finished goods – at cost	**60,380**	83,496
	195,025	110,585

(a) Inventory expense

Inventory recognised as an expense during the period ended 31 March 2016 amounted to $478,749,000 (2015: $314,773,000).

Write-downs of inventories to net realisable value recognised as an expense during the period ended 31 March 2016 amounted to $5,053,000 (2015: $2,972,000). This expense has been recognised in 'raw materials and consumables used' in the statement of comprehensive income.

Note 8. Non-Current Assets – Investments Accounted for Using the Equity Method

	31/03/16 $'000	31/03/15 $'000
Great Ocean Ingredients Pty Ltd	**35,030**	30,635
Warrnambool Cheese and Butter Japan Company Limited	**2,943**	2,817
	37,973	33,452

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 50% 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.

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

Note 8. Non-Current Assets – Investments Accounted for Using the Equity Method (cont.)

	CONSOLIDATED 31/03/16 $'000	31/03/15 $'000
Share of material joint venture's assets and liabilities		
Current assets	**22,220**	20,352
Non-current assets	**24,694**	27,227
Total assets	**46,914**	47,579
Current liabilities	**3,546**	2,022
Non-current liabilities	**10,034**	16,617
Total liabilities	**13,580**	18,639
Net assets	**33,334**	28,940
Share of material joint venture's revenue, expenses and results		
Revenues	**24,978**	19,168
Expenses	**(15,296)**	(10,168)
Profit/(loss) before income tax	**9,682**	9,000
Income tax (expense)/benefit	**(2,876)**	(2,691)
Total Comprehensive Income	**6,806**	6,310
Share of joint venture's assets and liabilities not individually material		
Current assets	**30,613**	23,862
Non-current assets	**79**	81
Total assets	**30,692**	23,943
Current liabilities	**27,516**	21,413
Non-current liabilities	**308**	341
Total liabilities	**27,824**	21,753
Net assets	**2,868**	2,190
Share of joint venture's revenue, expenses and results not individually material		
Revenues	**82,990**	55,734
Expenses	**(82,300)**	(53,686)
Profit/(loss) before income tax	**690**	2,048
Income tax (expense)/benefit	**(238)**	(778)
Total Comprehensive Income	**452**	1,270
Share of joint venture's commitments		
Capital commitments	**37**	346

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000

Note 9. Non-Current Assets – Other Financial Assets

	31/03/16 $'000	31/03/15 $'000
Equity securities	**1**	5
	1	5

Equity securities held as at 31 March 2015 have, in part, been reclassified as assets held-for-sale in the current financial year. Refer to note 36 for further details.

Note 10. Non-Current Assets – Property, Plant & Equipment

Consolidated 2016	**Constr'n in progress $'000**	**Freehold land $'000**	**Buildings $'000**	**Plant & equipment $'000**	**Motor vehicles $'000**	**Furniture, fixtures & fittings $'000**
Period ended 31 March 2016						
Opening net book amount	4,999	2,814	17,010	52,670	6,090	486
Additions	2,146	–	3,145	6,686	1,680	209
Additions through business combinations	–	–	–	8,582	–	–
Disposals	–	–	–	(1)	–	–
Transfers	–	–	(12)	–	–	12
Transfers from Investment Properties	–	600	4,150	–	–	–
Depreciation charge	–	–	(1,235)	(9,576)	(1,605)	(147)
Closing net book amount	7,145	3,414	23,058	58,361	6,165	560
At 31 March 2016						
Cost	7,145	3,414	34,194	161,813	13,537	2,460
Accumulated depreciation	–	–	(11,136)	(103,452)	(7,372)	(1,900)
Net book amount	7,145	3,414	23,058	58,361	6,165	560

Consolidated 2016	**Computer equipment $'000**	**Crown land improv's $'000**	**Effluent plant $'000**	**Leased plant & equipment $'000**	**Total $'000**
Period ended 31 March 2016					
Opening net book amount	4,147	133	5,068	667	94,084
Additions	3,689	–	–	–	17,555
Additions through business combinations	–	–	–	–	8,582
Disposals	–	–	–	–	(1)
Transfers	–	–	–	–	–
Transfers from Investment Properties	–	–	–	–	4,750
Depreciation charge	(2,906)	(15)	(368)	(228)	(16,080)
Closing net book amount	4,930	118	4,700	439	108,890
At 31 March 2016					
Cost	20,128	481	8,845	21,413	273,430
Accumulated depreciation	(15,198)	(363)	(4,145)	(20,974)	(164,540)
Net book amount	4,930	118	4,700	439	108,890

Note 10. Non-Current Assets – Property, Plant & Equipment (cont.)

Consolidated 2015 (9 months)	Constr'n in progress $'000	Freehold land $'000	Buildings $'000	Plant & equipment $'000	Motor vehicles $'000	Furniture, fixtures & fittings $'000
Period ended 31 March 2015						
Opening net book amount	5,867	2,814	16,748	54,037	6,209	513
Additions	1,083	–	1,077	4,548	1,205	87
Disposals	–	–	–	(11)	(3)	–
Writeoffs	(1,951)	–	–	–	–	–
Depreciation charge	–	–	(815)	(5,904)	(1,321)	(114)
Closing net book amount	4,999	2,814	17,010	52,670	6,090	486
At 31 March 2015						
Cost	4,999	2,814	26,921	146,578	11,896	2,244
Accumulated depreciation	–	–	(9,911)	(93,908)	(5,806)	(1,758)
Net book amount	4,999	2,814	17,010	52,670	6,090	486

Consolidated 2015 (9 months)	Computer equipment $'000	Crown land improv's $'000	Effluent plant $'000	Leased plant & equipment $'000	Total $'000
Period ended 31 March 2015					
Opening net book amount	2,878	145	5,343	884	95,438
Additions	2,626	–	–	–	10,626
Disposals	(2)	–	–	–	(16)
Writeoffs	–	–	–	–	(1,951)
Depreciation charge	(1,355)	(12)	(275)	(217)	(10,013)
Closing net book amount	4,147	133	5,068	667	94,084
At 31 March 2015					
Cost	16,442	481	8,845	21,413	242,633
Accumulated depreciation	(12,295)	(348)	(3,777)	(20,746)	(148,549)
Net book amount	4,147	133	5,068	667	94,084

Non-current assets pledged as security

Refer note 18 for information on non-current assets pledged as security.

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000

Note 11. Non-Current Assets – Investment Properties

	31/03/16 $'000	31/03/15 $'000
At fair value		
Opening balance 1 April (2015: 1 July)	**9,168**	10,533
Transfers to land & buildings	**(4,750)**	–
Transfer to assets held for sale	**(2,500)**	–
Net gain (loss) from fair value adjustment	**1,058**	(1,365)
Closing balance	**2,976**	9,168
(a) Amounts recognised in profit/(loss) for investment property		
Rental income	**69**	730
Direct operating expenses from property that generated rental income	**(8)**	(11)
	61	719

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 31 March 2016 revaluations were based on independent assessments by Certified Practising Valuer, C.J. Ham & Murray Pty Limited, in accordance with the requirements of the Australian Accounting Standards Board, in March 2016 and arms length sale prices.

Details of the Groups investment properties and information about the fair value hierarchy as at 31 March 2016 are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Investment Properties in South Western Victoria and South Eastern South Australia			2,976

There were no transfers between levels during the year.

Non-current assets pledged as security

Refer note 18 for information on non-current assets pledged as security by the Group.

Leasing arrangements

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

	31/03/16 $'000	31/03/15 $'000
Minimum lease payments under non-cancellable operating leases of properties not recognised in the financial statements are receivable as follows:		
Within one year	**–**	187
Later than one year but not later than five years	**–**	440
	–	627

	CONSOLIDATED 31/03/16 $'000	31/03/15 $'000
Note 12. Non-Current Assets – Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Doubtful debts	**139**	138
Employee benefits	**4,215**	2,878
Inventories	**1,982**	–
Provisions	**105**	–
Finance leases	**–**	6
Audit fees	**39**	44
Accrued expenses	**4,748**	4,854
Quality claims	**39**	278
Business related capital expenses	**2,218**	2,370
Borrowing costs	**12**	6
	13,497	10,574
Amounts recognised directly in equity		
Share issue expenses	**2**	4
Deferred tax assets	**13,499**	10,578
Set-off deferred tax liabilities pursuant to set-off provisions (note 19)	**9,906**	6,169
Net deferred tax assets	**3,593**	4,409
Movements:		
Opening balance at 1 April (2015: 1 July)	**10,578**	8,043
(Credited) charged to the statement of comprehensive income (note 5)	**2,923**	2,679
(Credited) charged to equity	**(2)**	(144)
Closing Balance 31 March	**13,499**	10,578
Deferred tax assets to be recovered within 12 months	**8,540**	6,550
Deferred tax assets to be recovered after more than 12 months	**4,959**	4,028
	13,499	10,578

Note 13. Non-Current Assets – Intangible Assets

Consolidated 2016	**Trademarks $'000**	**Goodwill $'000**	**Software under development $'000**	**Total $'000**
Year ended 31 March 2016				
Opening net book amount	**–**	**1,628**	**–**	**1,628**
Additions of internal developments	**–**	**–**	**1,543**	**1,543**
Acquisitions through business combinations	**26,094**	**–**	**–**	**26,094**
Closing net book amount	**26,094**	**1,628**	**1,543**	**29,265**
At 31 March 2016				
Cost	**26,094**	**1,628**	**1,543**	**29,265**
Net book amount	**26,094**	**1,628**	**1,543**	**29,265**

Note 13. Non-Current Assets – Intangible Assets (cont.)

Consolidated 2015	Trademarks $'000	Goodwill $'000	Software under development $'000	Total $'000
Year ended 31 March 2015				
Opening net book amount	–	1,628	–	1,628
Closing net book amount	–	1,628	–	1,628
At 31 March 2015				
Cost	–	1,628	–	1,628
Net book amount	–	1,628	–	1,628

Software under development will be transferred to Software and amortised over its useful life once installed and ready for use.

Trademarks have been assessed as having a indefinite useful life due to having no limits imposed on the period of control. The trademarks acquired relate to the retail cheese segment and there is not expected to be any technical, technological, commercial or any other type of obsolescence.

(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	
	31/03/16 $'000	31/03/15 $'000
Goodwill allocation to cash-generating units		
Cheese/Whey (commodities segment)	**1,523**	1,523
Retail Cheese (consumer goods segment)	**105**	105
	1,628	1,628
Trademark allocation to cash-generating units		
Retail Cheese (consumer goods segment)	**26,094**	–
	26,094	–

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.

In performing value-in-use calculations for applicable CGU's, the company has applied a growth rate of 0% (2015: 0%) and a post-tax discount rate of 9.5% (2015: 11.0%) 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. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Note 14. Current Liabilities – Trade and Other Payables

Trade payables	**60,348**	61,510
Other payables	**4,254**	4,846
	64,602	66,356

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000
Note 15. Current Liabilities – Borrowings		
SECURED		
Lease liabilities	**1,885**	2,431
UNSECURED		
Bank overdrafts	**114,975**	50,607
Bank loans	**25,000**	–
Total borrowings	**141,860**	53,038
Cash, cash equivalents and overdrafts at the end of the financial year		
Bank overdrafts	**114,975**	50,607
Cash and cash equivalents	**(25,742)**	(9,125)
	89,233	41,482

(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 is provided in note 18.

(b) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 24.

Note 16. Current Tax

	31/03/16 $'000	31/03/15 $'000
Current assets		
Income tax	**1,466**	–
	1,466	–
Current liabilities		
Income tax	**–**	4,444
	–	4,444

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000

Note 17. Current Liabilities – Provisions

Employee benefits (a)	**15,832**	11,264
Quality claims	**132**	926
Other provisions	**350**	–
	16,314	12,190

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

Annual Leave

Employee benefits include a provision 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.

Annual leave obligation expected to be settled after 12 months	**1,578**	972

Long Service Leave

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.

Leave obligation expected to be settled after 12 months	**3,160**	3,244

(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 – 2016

Carrying amount at start of year	**926**	197
Charged/(credited) to the statement of comprehensive income – additional provisions recognised	**132**	1,033
Amounts used during the period	**(926)**	(304)
Carrying amount at end of year	**132**	926

Other Provisions

Consolidated – 2016

Carrying amount at start of year	**–**	–
Charged/(credited) to the statement of comprehensive income – additional provisions recognised	**350**	–
Carrying amount at end of year	**350**	–

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000

Note 18. Non-Current Liabilities – Borrowings

	31/03/16 $'000	31/03/15 $'000
SECURED		
Lease liabilities	**731**	2,615
UNSECURED		
Bank loans	**96,250**	–
Total borrowings	**96,981**	2,615

Further information relating to loans from related parties is set out in note 30.

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

	31/03/16 $'000	31/03/15 $'000
(a) Secured liabilities and assets pledged as security		
Lease liability	**2,616**	5,046
(b) Unsecured liabilities and assets		
Bank overdrafts	**114,975**	50,607
Bank loans	**121,250**	–
Total secured and unsecured liabilities	**238,841**	55,653

From 31 October 2014 the bank overdraft and loans of the Group are secured by a guarantee from the majority shareholder, Saputo Inc. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(c) Fair value	**2016 (12 months)**		2015 (9 months)	
	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	**114,975**	**114,975**	50,607	50,607
Bills payable	**121,250**	**121,250**	–	–
Lease liabilities	**2,616**	**2,616**	5,046	5,046
Non-traded financial liabilities	**238,841**	**238,841**	55,653	55,653

None of the classes of borrowings are readily traded on organised markets in standardised form.

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.

(d) Risk exposures

Information about the Group's exposure to interest rate changes is provided in note 24.

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000

Note 19. Non-Current Liabilities – Deferred Tax Liabilities

	31/03/16 $'000	31/03/15 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Prepayments	24	22
Inventories	2,306	1,618
Depreciation	–	794
Accrued revenue	764	–
Investment property	1,652	1,338
Business related capital expenses	367	367
	5,113	4,139
Amounts recognised directly in equity		
Revaluation of land, buildings and investment property	2,030	2,030
Revaluation of other financial assets	2,763	–
	4,793	2,030
Deferred tax liabilities	9,906	6,169
Set-off deferred tax assets pursuant to set-off provisions (note 12)	9,906	6,169
Net deferred tax liabilities	–	–
Movements:		
Opening balance at 1 April (2015: 1 July)	6,169	5,820
Credited (charged) to the statement of comprehensive income (note 5)	974	349
Credited (charged) to equity	2,763	–
Closing Balance 31 March	9,906	6,169
Deferred tax liabilities to be settled within 12 months	5,347	1,905
Deferred tax liabilities to be settled after more than 12 months	4,559	4,264
	9,906	6,169

Note 20. Non-Current Liabilities – Provisions

	31/03/16 $'000	31/03/15 $'000
Employee benefits – long service leave	940	730
Employee benefits – performance share units	373	–
	1,313	730

Notes to the Financial Statements

31 March 2016

	PARENT ENTITY			
	2016 Number of Shares	2015 Number of Shares	**2016 Value $'000**	2015 Value $'000
Note 21. Contributed Equity				
(a) Share capital				
Ordinary shares – fully paid	**56,098,797**	56,098,797	**73,856**	73,856
	56,098,797	56,098,797	**73,856**	73,856

	Date	Notes	Number of Shares	Issue Price $	$'000
(b) Movement in ordinary share capital					
Opening balance					
Ordinary share capital	01-Apr-15		56,098,797		73,856
Balance	31-Mar-16		56,098,797		73,856

(c) 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 2016, the Group's strategy, which was unchanged from 2015, 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 31 March 2016 and 31 March 2015 were as follows:

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000
Total borrowings	**238,841**	55,653
Less cash and cash equivalents	**(25,742)**	(9,125)
Net debt	**213,099**	46,528
Total equity	**231,259**	218,285
Total capital	**444,358**	264,813
Gearing ratio	**48%**	18%

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000
Note 22. Reserves and Retained Profits		
(a) Asset revaluation reserve		
Movements		
Balance 1 April (2015: 1 July)	**5,222**	5,222
Revaluation – gross	**11,845**	–
Revaluation – tax	**(2,763)**	–
Balance end of financial period	**14,304**	5,222
(b) Capital reserve		
Movements		
Balance 1 April (2015: 1 July)	**7,014**	7,014
Balance end of financial period	**7,014**	7,014
(c) Foreign currency translation reserve		
Movements		
Balance 1 April (2015: 1 July)	**–**	–
Revaluation – gross	**(326)**	–
Revaluation – tax	**–**	–
Balance end of financial period	**(326)**	–
Balance of reserves at the end of the financial year	**20,992**	12,236
(d) Retained profits		
Movements		
Balance 1 April (2015: 1 July)	**132,193**	97,888
Net profit/(loss) for the period	**4,218**	34,305
Dividends provided for or paid	**–**	–
Balance end of financial period	**136,411**	132,193

(e) 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) including available for sale investment assets.

(ii) Capital reserve

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

(iii) Foreign currency translation reserve

Exchange rate differences relating to the translation of the results and net assets of the groups foreign operations from their functional currencies into the groups presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

	PARENT ENTITY	
	31/03/16 $'000	31/03/15 $'000
Note 23. Dividends		
(a) Dividends provided for or paid out of prior year's profits		
Ordinary shares		
Dividends provided for or paid out of prior year's profits	**–**	–
Total dividends provided for or paid out of prior year's profits	**–**	–
(b) Franked dividends		
The franked portions of the dividends declared after 31 March 2016 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 March 2016.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2015 – 30%)	**54,594**	54,710

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 24. 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 finance department in conjunction with the treasury department of majority shareholder Saputo Inc. In conjunction with treasury, the finance department identifies, evaluates and hedges financial risks in accordance with approved 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 may be used to manage foreign exchange risk.

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

	31/03/16 USD $'000	31/03/15 USD $'000
Trade receivables and cash	**27,342**	29,112
Bank loan	**(23,000)**	(20,000)
	4,342	9,112

Note 24. Financial Risk Management (cont.)

Group Sensitivity

Based on US dollar denominated financial assets and liabilities held at 31 March 2016, had the Australian dollar weakened/strengthened by 10% against US dollar with all other variables held constant, the Group's post-tax profit for the year would have increased $440,000/ decreased $361,000 (2015 – increased $925,000/decreased $757,000), as a result of foreign exchange gains/losses on translation of US dollar denominated financial assets and liabilities.

(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. All borrowings were denominated in Australian dollars in 2016 and 2015, except for a USD overdraft of $23,000,000 (2015: 20,000,000).

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

	2016		2015	
	Weighted Average Interest Rate %	**Balance $'000**	Weighted Average Interest Rate %	Balance $'000
Bank overdrafts and bank loans	**2.9%**	**238,841**	1.5%	50,607

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

Group Sensitivity

If interest rates had been on average 50 basis points higher/lower during 2016 and all other variables were held constant, the Group's post-tax profit for the year would have decreased $1,045,252/increased $1,045,252 (2015 – decreased $255,842/increased $255,842) as a result of the Group's exposure to interest rates on its variable rate borrowings.

(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 and 9). 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 it's 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. Trade credit insurance has been taken out on selected export and domestic 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 24. 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 finance department in conjunction with the treasury department of majority shareholder Saputo Inc. maintains flexibility in funding by keeping committed credit lines available with its major banking partners.

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

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000
Bank overdrafts	**50,688**	115,161
Bank loans and lease facilities	**10,117**	7,686
	60,805	122,847

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 1.4 years (2015 – 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 31 March 2016	**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	**64,602**	**–**	**–**	**–**	**64,602**	**64,602**
Variable rate	**129,470**	**14,033**	**27,269**	**72,952**	**243,724**	**236,225**
Fixed rate	**692**	**1,291**	**516**	**235**	**2,734**	**2,616**
	194,764	**15,324**	**27,785**	**73,187**	**311,060**	**303,443**
Group – At 31 March 2015	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	66,356	–	–	–	66,356	66,356
Variable rate	50,607	–	–	–	50,607	50,607
Fixed rate	1,325	1,325	1,983	750	5,383	5,046
	118,288	1,325	1,983	750	122,346	122,009

(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 25. 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.

Non-executive directors

Louis-Philippe Carrière
Neville Fielke
Terence Richardson
Bruce Vallance

(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
Kai Bockmann	President & Chief Operating Officer	Saputo Inc.
William Hannah	Chief Financial Officer	The Warrnambool Cheese and Butter Factory Company Limited
Paul Moloney	Vice President Finance & Administration, Chief Financial Officer and Company Secretary	The Warrnambool Cheese and Butter Factory Company Limited
Richard Wallace	Senior Vice President & General Manager	The Warrnambool Cheese and Butter Factory Company Limited

All of the above were other key management personnel in the year ended 31 March 2015, except for Kai Bockmann who commenced as President & COO, the most senior executive position in the company, on 1 April 2015. William Hannah retired on 1 July 2015.

	CONSOLIDATED	
	2016 12 mths $	2015 9 mths $
(c) Key management personnel compensation		
Short-term employee benefits	**1,635,092**	2,965,709
Post-employment benefits	**233,196**	212,314
Long-term benefits	**120,159**	104,601
	1,988,447	3,282,624

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 25. 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.

2016	Balance at start of year	Net change	Balance at year end
Directors			
Louis-Phillipe Carrière	–	–	–
Neville Fielke	–	–	–
Terence Richardson	–	–	–
Lino A. Saputo, Jr.	–	–	–
Bruce Vallance	–	–	–
Executives			
Kai Bockmann	–	–	–
William Hannah [1]	10	–	10
Paul Moloney	10	–	10
Richard Wallace	–	–	–

2015	Balance at start of year	Net change	Balance at year end
Directors			
Louis-Phillipe Carrière	–	–	–
Neville Fielke	–	–	–
Terence Richardson	–	–	–
Lino A. Saputo, Jr.	–	–	–
Bruce Vallance	–	–	–
Executives			
Anthony Cook	–	–	–
Stephen Cook	–	–	–
William Hannah	10	–	10
Bernard Kavanagh	–	–	–
David Lord	–	–	–
Ross Martin	–	–	–
Paul Moloney	10	–	10
William Slater	–	–	–
John Williams	–	–	–
Richard Wallace	–	–	–

1. Shares held at time of retirement on 1 July 2015.

(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 also a supplier of milk to the Company, they are entitled to receive an interest free advance to purchase feed or fertiliser or as part of the company's farm investment partnership on the same terms and conditions as available to all suppliers of milk to the company.

As at 31 March 2016 Terence Richardson, through a related party, has an interest-free farm investment partnership advance of $24,374 which is due to be repaid in full by 12 September 2016 and Director Bruce Vallance, has interest-free feed/fertiliser advances, across two farms, of $118,002 which are due to be repaid in full by 12 December 2016.

(f) Other transactions with key management personnel

No other amounts were paid to key management personnel.

	CONSOLIDATED	
	2016 12 mths $	2015 9 mths $

Note 26. Remuneration of Auditors

	2016 12 mths $	2015 9 mths $
(a) Audit and other assurance services		
Deloitte Touche Tohmatsu		
Audit and review of financial statements	**265,536**	–
Coffey Hunt		
Audit and review of financial statements	**34,425**	175,044
Total remuneration for audit and other assurance services	**299,961**	175,044
(b) Taxation services		
Deloitte Touche Tohmatsu		
Tax services in relation to acquisition	**19,490**	–
Coffey Hunt		
Tax compliance services, including review of company tax returns	**4,800**	5,200
Total remuneration for taxation services	**24,290**	5,200
(c) Advisory services		
Deloitte Touche Tohmatsu		
Other minor accounting services	**–**	–
Coffey Hunt		
Tax compliance services, including review of company tax returns	**–**	–
Total remuneration for advisory services	**–**	–
Total remuneration for auditors	**324,251**	180,244

At the company's annual general meeting on 13 July 2015, following receipt and acceptance of Coffey Hunt's resignation as auditors, Deloitte Touche Tohmatsu were appointed as company auditor as of that date.

The Group employs Deloitte Touche Tohmatsu 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	
	31/03/16 $'000	31/03/15 $'000
Note 27. Commitments		
(a) Capital commitments		
Commitments for the acquisition of plant & equipment contracted for at the reporting date but not recognised as liabilities payable	**594**	2,736
Not later than one year	**594**	2,736
(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	**295**	265
Later than one year but not later than five years	**725**	230
Later than five years	**134**	–
	1,154	495
(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**	37
	37	37
(iii) Finance Leases		
The Group leases part of its tanker fleet with a carrying amount of $2,165,000 (2015: $5,046,000) 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.		
Commitments in relation to finance leases are payable as follows:		
Within one year	**1,983**	2,649
Later than one year but not later than five years	**750**	2,734
Minimum lease payments	**2,733**	5,383
Less: Future finance charges	**(117)**	(337)
Total finance lease liability	**2,616**	5,046
Representing lease liabilities:		
Current (note 15)	**1,885**	2,431
Non-current (note 18)	**731**	2,615
	2,616	5,046

The weighted average interest rate implicit in the finance leases is 5.26% (2015 – 5.49%)

Notes to the Financial Statements

31 March 2016

Note 28. 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			**31/03/16 %**	**31/03/15 %**	**31/03/16 $'000**	**31/03/15 $'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 29.

Note 29. Deed of Cross Guarantee

Warrnambool Cheese and Butter Factory Company Holdings Limited, The Warrnambool Cheese & 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 30. Related Party Transactions

(a) Ultimate Controlling Party – Saputo Inc.

During the year, group entities entered into transactions with related party Saputo Inc. and/or certain of its subsidiaries (‘Saputo’). Saputo Inc. is the ultimate controlling party of 87.92% of shares in the Group’s parent entity, Warrnambool Cheese and Butter Factory Company Holdings Limited (‘WCB’). Saputo Inc. is registered in Canada. Saputo Inc.’s subsidiary, Saputo Dairy Australia Pty Ltd, registered in Australia, is the owner of the shares in WCB.

(i) Transactions with related parties – Saputo

	2016 12 mths $	2015 9 mths $
Sales of goods and services	**75,456**	–
Purchases of goods and services	**2,425,123**	350,025
Management fee	**2,872,174**	–
	5,372,753	350,025

Sales of goods and services relate to costs incurred by the Group, with third parties, on behalf of Saputo.

Purchases of goods and services relate to:
- Dairy products purchased at arms length prices for on-sale by the Group;
- Costs incurred by Saputo, with third parties, on behalf of the Group.

The management fee relates to Saputo’s cost of salary, fringe benefits and expenses of Saputo corporate-level employees for services provided to the Group, plus a mark-up in line with market practice.

(ii) 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:

	31/03/16 $	31/03/15 $
Amounts owed by related parties	**75,456**	–
Amounts owed to related parties	**126,308**	–

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by Saputo Inc.

(iii) Loans to/from related parties

There are no loans to/from Saputo Inc.

Note 30. Related Party Transactions (cont.)

(b) Joint Ventures

(i) Transactions with related parties – joint ventures

	2016 12 mths $	2015 9 mths $
Sales of goods and services	**116,437,767**	69,292,220
Purchases of goods and services	**1,147,010**	240,633
Dividends received	**2,410,615**	1,058,444
	119,995,392	70,591,297

Sales of goods and services include dairy products, raw materials, services such as administration, quality, environment and maintenance, lease fees and reimbursable costs incurred by the company on the joint ventures behalf and recharged at cost.

Purchases of goods and services include dairy products and reimbursable costs incurred by the joint ventures and recharged to the company at cost.

(ii) 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:

	31/03/16 $	31/03/15 $
Amounts owed by related parties	**5,804,616**	7,977,067
Amounts owed to related parties	**9,249**	–

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by joint ventures.

(iii) Loans to/from related parties

There are no loans to/from joint ventures.

(c) Subsidiaries

Interest in subsidiaries are set out in note 28.

(d) Key management personnel

Disclosures relating to key management personnel are set out in note 25.

	CONSOLIDATED	
	2016 12 mths $'000	2015 9 mths $'000

Note 31. Reconciliation of Profit/(Loss) after Income Tax to Net Cash Inflow (Outflow) from Operating Activities

	2016	2015
Operating Profit/(loss) after income tax	**4,218**	34,305
Depreciation and amortisation	**16,080**	10,013
Fair value adjustment to investment property	**(1,058)**	(85)
Net (gain)/loss on sale of non-current assets	**(5)**	(27)
Share of (profits)/losses of joint ventures	**(7,258)**	(7,580)
Revaluation of foreign investment	**–**	(13)
Impairment of assets	**–**	3,401
Change in operating assets and liabilities:		
Decrease (increase) in trade debtors	**(28,175)**	4,556
Decrease (increase) in inventories	**11,526**	(34,794)
Decrease (increase) in deferred tax assets	**513**	(2,535)
Increase (decrease) in trade creditors	**(6,105)**	12,028
Increase (decrease) in provision for income taxes payable	**(4,444)**	251
Increase (decrease) in deferred tax liabilities	**(2,762)**	350
Increase (decrease) in other provisions	**5,181**	941
Net Cash Inflow (Outflow) from Operating Activities	**(12,289)**	20,811

Note 32. 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 considers the business from a product group perspective and has identified three reportable segments. Commodities consist of dairy products, cheese, skim milk powder, butter, cream, lactoferrin 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, COON, Cracker Barrel (used under licence), Mil Lel 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 period ended 31 March 2016 is as follows:

	Commodities $'000	**Consumer Goods $'000**	**Other $'000**	**Total $'000**
31 March 2016 (12 months)				
Total segment revenue	**901,383**	**186,776**	**23,329**	**1,111,488**
Inter-segment revenue	**(452,307)**	**(104)**	**(6,082)**	**(458,493)**
Revenue from external customers	**449,076**	**186,672**	**17,247**	**652,995**
Adjusted EBITDA	**585**	**15,875**	**3,230**	**19,690**
Share of joint ventures profits/(losses)				**7,258**
Acquisition costs				**(2,114)**
EBITDA				**24,834**
31 March 2015 (9 months)				
Total segment revenue	737,152	49,751	16,508	803,411
Inter-segment revenue	(344,791)	(144)	(4,341)	(349,276)
Revenue from external customers	392,361	49,607	12,167	454,135
Adjusted EBITDA	50,720	(43)	(1,164)	49,513
Share of joint ventures profits/(losses)				7,580
EBITDA				57,093

Note 32. Segment Information (cont.)

(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	
	2016 12 mths $'000	2015 9 mths $'000
Total segment revenue	**1,111,488**	803,411
Intersegment eliminations	**(458,493)**	(349,276)
Interest revenue	**55**	38
Total revenue and other income (notes 2 and 3)	**653,050**	454,173

(ii) Adjusted EBITDA

The board and executive assess the performance of the operating segments based on a measure of EBITDA. 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 EBITDA to operating profit before income tax is provided as follows:

	2016	2015
Adjusted EBITDA	**19,690**	49,513
Interest revenue	**55**	38
Finance costs	**(5,930)**	(1,551)
Acquisition costs	**(2,114)**	–
Share of joint ventures' profits/(losses)	**7,258**	7,580
Depreciation and amortisation	**(16,080)**	(10,013)
Profit/(loss) before income tax (expense)/benefit	**2,880**	45,567

Note 33. 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 31 March 2016 the maximum amount of the contingent liability was $38,000 (2015: $74,000).

	CONSOLIDATED	
	2016 12 mths Cents	2015 9 mths Cents
Note 34. Earnings Per Share		
(a) Basic earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company	**7.5**	61.2
(b) Diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company	**7.5**	61.2

	CONSOLIDATED	
	2016 Number of Shares	2015 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	**56,098,797**	56,098,797

	PARENT ENTITY	
	31/03/16 $'000	31/03/15 $'000
Note 35. Parent Entity Information		
Parent entity assets and liabilities		
Current assets	**111,445**	127,171
Non-current assets	**32,051**	37,991
Total assets	**143,496**	165,162
Current liabilities	**29,835**	51,501
Non-current liabilities	**–**	–
Total liabilities	**29,835**	51,501
Net assets	**113,661**	113,661
Contributed equity	**73,856**	73,856
Retained profits	**39,805**	39,805
Total equity	**113,661**	113,661
Parent entity profit/(loss)		
Profit/(loss) before income tax	**–**	2,836
Income tax (expense)/benefit	**–**	(851)
Profit/(loss) after income tax	**–**	1,985
Parent entity total comprehensive income		
Total comprehensive income for the year	**–**	1,985

Note 36. Assets Classified as Held for Sale

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000
Other financial assets held for sale (i)	**11,849**	–
Freehold land and buildings held for sale (ii)	**2,500**	–
Total assets held for sale	**14,349**	–

(i) The group intends to dispose of its investment in Dairy Technical Services Limited. A contract of sale was entered into in April 2016. No impairment loss was recognised on reclassification of these shares to held for sale as fair value has been estimated based on the current offer price.

(ii) The group intends to dispose of land and buildings that are no longer utilised. A contract of sale has been entered into and settlement is due in September 2016. No impairment loss was recognised on reclassification of the land and buildings to held for sale as fair value is based on the sales contract price.

Notes to the Financial Statements

31 March 2016

Note 37. Additional Disclosure for Change of Reporting Period (12 months comparative)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year period 31 March 2016 (12 months comparative)

	CONSOLIDATED	
	2016 $'000	2015 $'000
Revenue from continuing operations	**642,419**	595,062
Other income	**10,631**	13,111
Changes in inventories of finished goods and work in progress	**(11,515)**	12,829
Raw materials and consumables used	**(485,858)**	(456,257)
Depreciation and amortisation expense	**(16,080)**	(13,163)
Finance costs	**(5,930)**	(2,293)
Asset impairment	**–**	(3,401)
Distribution expense	**(32,155)**	(21,522)
Employee benefits expense	**(73,095)**	(53,673)
Other expenses	**(32,795)**	(23,768)
Share of net profits/(losses) of joint ventures accounted for using the equity method	**7,258**	7,689
Profit/(Loss) before income tax (expense)/benefit	**2,880**	54,614
Income tax (expense)/benefit	**1,338**	(14,169)
Profit/(Loss) for the year	**4,218**	40,445
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	**–**	(95)
Exchange differences on translating foreign operations	**(326)**	–
Net fair value gain on other financial assets	**9,082**	–
Other comprehensive income for the year, net of tax	**8,756**	(95)
Total comprehensive income for the year	**12,974**	40,350
Profit/(Loss) attributable to owners of Warrnambool Cheese and Butter Factory Company Holdings Limited	**4,218**	40,445
Total comprehensive income attributable to owners of Warrnambool Cheese and Butter Factory Company Holdings Limited	**12,974**	40,350
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company	**Cents**	Cents
Basic earnings per share	**7.5**	72.1
Diluted earnings per share	**7.5**	72.1

Note 37. Additional Disclosure for Change of Reporting Period (12 months comparative) (cont.)

CONSOLIDATED BALANCE SHEET as at 31 March 2016 (12 months comparative)

	CONSOLIDATED	
	31/03/16 $'000	31/03/15 $'000
CURRENT ASSETS		
Cash and cash equivalents	**25,742**	9,125
Trade and other receivables	**133,049**	95,202
Inventories	**195,025**	110,585
Current tax assets	**1,466**	–
Assets classified as held for sale	**14,349**	–
Total Current Assets	**369,631**	214,912
NON-CURRENT ASSETS		
Investments accounted for using the equity method	**37,973**	33,452
Other financial assets	**1**	5
Property, plant & equipment	**108,890**	94,084
Investment properties	**2,976**	9,168
Deferred tax assets	**3,593**	4,409
Intangible assets	**29,265**	1,628
Total Non-Current Assets	**182,698**	142,746
Total Assets	**552,329**	357,658
CURRENT LIABILITIES		
Trade and other payables	**64,602**	66,356
Borrowings	**141,860**	53,038
Current tax liabilities	**–**	4,444
Provisions	**16,314**	12,190
Total Current Liabilities	**222,776**	136,028
NON-CURRENT LIABILITIES		
Borrowings	**96,981**	2,615
Provisions	**1,313**	730
Total Non-Current Liabilities	**98,294**	3,345
Total Liabilities	**321,070**	139,373
Net Assets	**231,259**	218,285
EQUITY		
Contributed equity	**73,856**	73,856
Reserves	**20,992**	12,236
Retained profits	**136,411**	132,193
Total Equity	**231,259**	218,285

Note 37. Additional Disclosure for Change of Reporting Period (12 months comparative) (cont.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2016 (12 months comparative)

	ATTRIBUTABLE TO OWNERS OF WARRNAMBOOL CHEESE AND BUTTER FACTORY COMPANY HOLDINGS LIMITED					
	Contributed equity $'000	**Asset revaluation reserve $'000**	**Capital reserve $'000**	**Foreign currency translation reserve $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 1 April 2015	**73,856**	**5,222**	**7,014**	**–**	**132,193**	**218,285**
Profit for the period	**–**	**–**	**–**	**–**	**4,218**	**4,218**
Other comprehensive income for the year, net of income tax	**–**	**9,082**	**–**	**(326)**	**–**	**8,756**
Balance at 31 March 2016	**73,856**	**14,304**	**7,014**	**(326)**	**136,411**	**231,259**
Balance at 1 April 2014	73,856	5,317	7,014	–	91,748	177,935
Profit for the period	–	–	–	–	40,445	40,445
Other comprehensive income for the year, net of income tax	–	(95)	–	–	–	(95)
Balance at 31 March 2015	73,856	5,222	7,014	–	132,193	218,285

Note 37. Additional Disclosure for Change of Reporting Period (12 months comparative) (cont.)

CONSOLIDATED CASH FLOW STATEMENT for the period ended 31 March 2016 (12 months comparative)

	CONSOLIDATED	
	2016 12 mths $'000	2015 12 mths $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	**638,248**	612,217
Payments to suppliers and employees (inclusive of goods and services tax)	**(639,547)**	(574,300)
Dividends received	**240**	–
Interest received	**55**	52
Finance costs	**(5,930)**	(2,293)
Income tax paid	**(5,355)**	(15,297)
Net Cash Inflow (Outflow) from Operating Activities	**(12,289)**	20,379
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant & equipment	**6**	38
Payments for acquisition	**(137,500)**	–
Dividends received from joint ventures	**2,410**	1,058
Payments for property, plant & equipment	**(19,099)**	(16,502)
Net Cash Inflow (Outflow) from Investing Activities	**(154,183)**	(15,406)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	**140,000**	1,481
Repayment of borrowings	**(21,180)**	(50,310)
Net Cash Inflow (Outflow) from Financing Activities	**118,820**	(48,829)
Net Increase (Decrease) in Cash, Cash Equivalents and Overdrafts	**(47,652)**	(43,856)
Cash, cash equivalents and overdrafts at the beginning of the financial year	**(41,482)**	2,374
Effects of exchange rate changes on cash, cash equivalents and overdrafts	**(99)**	–
Cash, cash equivalents and overdrafts at the end of the financial year	**(89,233)**	(41,482)

Note 38. Events after the Reporting period

As announced to the ASX on 18 April 2016, a contract of sale was entered into for the sale of the Group's interest in Dairy Technical Services Limited. The interest has been disclosed as an asset held for sale in note 36.

Note 39. Business Combinations

On 25 May 2015, the company's wholly-owned subsidiary, The Warrnambool Cheese and Butter Factory Company Limited acquired the Australian everyday cheese business and assets ("EDC Business") from Lion-Dairy & Drinks Pty Ltd, Dairy Farmers Pty Ltd and LD&D Australia Pty Ltd (collectively referred to as "Lion"). The everyday cheese business is engaged in the cutting, wrapping, distribution and marketing activities of retail cheese and was acquired with the objective of achieving vertical integration synergies and growth opportunities.

	$'000
Consideration transferred	
Cash (excl. GST)	137,500
	137,500

Acquisition-related costs amounting to $2,114,000 have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the year, within the 'other expenses' line item.

Assets acquired and liabilities assumed at the date of acquisition	
Current assets	
Trade and other receivables (i)	9,572
Inventories	95,966
Non-current assets	
Plant & equipment	8,582
Deferred tax asset	1,163
Trademarks	26,094
Current liabilities	
Employee entitlements	3,735
Non-current liabilities	
Employee entitlements	142
Fair value of identifiable net assets acquired	137,500

Purchase price accounting for the acquisition of the EDC Business is final.

(i) Trade and other receivables represent the best estimate of the amount owed by Lion due to the post acquisition inventory valuation being less than the purchase valuation. The final amount to be received is yet to be determined.

Goodwill arising on acquisition

There is no goodwill on acquisition.

Impact of acquisition on the results of the Group

Included in the profit/(loss) for the year is a $5,256,000 profit attributable to the EDC Business, excluding acquisition costs. Revenue from continuing operations for the year includes $120,101,000 in respect of the EDC Business.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes, as set out on pages 23 to 68, 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 31 March 2016 and of its performance for the 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 29 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 29.

The directors have been given the declarations by the President & Chief Operating Officer, who performs the function of 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

Montreal
24 May 2016

Neville Fielke
Independent Director

Allansford
25 May 2016

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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, which comprises the statement of financial position as at 31 March 2016, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 23 to 69.

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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Warrnambool Cheese and Butter Factory Company Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 consolidated entity's financial position as at 31 March 2016 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 20 of the directors' report for the year ended 31 March 2016. 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.

Opinion

In our opinion the Remuneration Report of Warrnambool Cheese and Butter Factory Company Holdings Limited for the year ended 31 March 2016, complies with section 300A of the *Corporations Act 2001.*

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Roche
Partner
Chartered Accountants
Melbourne, 25 May 2016