

The a2 Milk Company Limited (previously A2 Corporation Limited)

Results for announcement to the market

Reporting Period	12 months 1 July 2013 to 30 June 2014
Previous Reporting Period	12 months 1 July 2012 to 30 June 2013

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$NZ 110,621	+17.3%
Profit (loss) from ordinary activities after tax attributable to security holder.	\$NZ 10	-99.8%
Net profit (loss) attributable to security holders.	\$NZ 10	-99.8%

Interim/Final Dividend	Amount per security	Imputed amount per security
N/A	N/A	N/A

Record Date	N/A
Dividend Payment Date	N/A

Comments:	See accompanying announcement
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PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

The a2 Milk Company Limited (previously A2 Corporation Limited) For the year ended 30 June 2014

Preliminary full year (12 month) report on consolidated results (including the results for the previous corresponding full year) in accordance with Listing Rule 10.4.2.

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on unaudited financial statements.

The audit of the 2014 Annual Report is currently in progress.

Prior year annual figures have been updated to reflect the reported audited position as at 30 June 2013.

The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

[PLEASE REFER TO ATTACHED NOTES WHEN COMPLETING THIS FORM]

*Consolidated Statement			
Financial Performance			
1 CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	Current Full Year \$NZ'000	*Up/Down %	Previous corresponding Full Year \$NZ'000
1.1 OPERATING REVENUE			
(a) Trading Revenue	110,621	17.3%	94,304
(b) Other Revenue	679	3.2%	658
(c) Total Operating Revenue	111,300	17.2%	94,962
1.2 OPERATING *SURPLUS (DEFICIT) BEFORE TAXATION	720	(86.1%)	5,164
(a) Less taxation on operating result	710	(32.0%)	1,044
1.3 OPERATING *SURPLUS (DEFICIT) AFTER TAX	10	(99.8%)	4,120
(a) Extraordinary Items after Tax [detail in Item 3]	nil		nil
(b) Unrealised net change in value of investment properties	nil		nil
1.4 NET *SURPLUS (DEFICIT) FOR THE YEAR	10	(99.8%)	4,120
(a) Net *Surplus (Deficit) attributable to minority interests	nil		nil
1.5 NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	10	(99.8%)	4,120

*Consolidated Statement of		
Financial Performance		
2 DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/EXPENSES FOR FULL YEAR	Current Full Year \$NZ'000	Previous corresponding Full Year \$NZ'000
2.1 INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		
(a) Interest revenue included in Item 1.1(b)	455	288
(b) Unusual items for separate disclosure gain/(loss) (detail - Item 3)	nil	(824)
(c) Equity earnings (gain/loss) (detail - Item 16)	(1,361)	(3,719)
(d) Interest expense included in Item 1.2 (include all forms of interest, etc)	(40)	(114)
(e) Leasing and renting expenses	(576)	(170)
(f) Depreciation	(1,064)	(1,035)
(g) Diminution in the value of assets (other than depreciation)	nil	nil
(h) Amortisation of goodwill	nil	nil
(i) Amortisation of other intangible assets	(836)	(72)
(j) Impairment of goodwill	nil	nil
(k) Impairment of other intangible assets	nil	nil

2.2 SUPPLEMENTARY ITEMS

- (a) # Interest costs excluded from Item 2.1(d) and capitalised
- (b) # Outlays (other than those arising from the acquisition of an existing business) capitalised in intangibles
- (c) Unrecognised differences between the carrying value and market value of publicly traded investments

#Items marked in this way need to be shown only there their inclusion as revenue or exclusion from expenses has had a material effect on reported *surplus (deficit)

Consolidated Statement of Financial Performance	
Current Full Year \$NZ'000	Previous corresponding Full Year \$NZ'000
nil	nil
(2,042)	(2,071)
nil	nil

3 DISCONTINUED, UNUSUAL (INCLUDING NON RECURRING), AND EXTRAORDINARY ITEMS OF THE GROUP

DETAILS AND COMMENTS

Discontinued Activities

TOTAL DISCONTINUED ACTIVITIES

Material Unusual (including Non Recurring) Items (included in 1.2)

Description:

Net settlement proceeds from a former licensee

Settlement proceeds

Less expenses incurred

Other Material Non Recurring Items

Costs associated with group strategic review

TOTAL MATERIAL NON RECURRING ITEMS

Extraordinary Items (Ref. Item 1.3(a))

Description:

TOTAL EXTRAORDINARY ITEMS

Group - Current Full Year	
Operating Revenue \$NZ'000	Operating Surplus \$NZ'000
nil	nil
nil	nil
nil	nil
nil	nil
nil	(824)
nil	(824)
nil	nil

4 STATEMENT OF MOVEMENTS IN EQUITY

4.1 *NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF LISTED ISSUER

- (a) *Net Surplus (Deficit) attributable to minority interest

4.2 OTHER RECOGNISED REVENUE AND EXPENSES

- (a) *Increases (decreases) in revaluation reserves
- (b) Current Translation Differences
- (c) Minority interest in other recognised revenue and expenses

4.3 TOTAL RECOGNISED REVENUES AND EXPENSES

4.4 OTHER MOVEMENTS

- (a) Contributions by Owners
- (b) Distributions to Owners
- (c) Other

4.5 EQUITY AT BEGINNING OF FULL YEAR*

4.6 EQUITY AT END OF FULL YEAR

Statement of Movements In Equity	
Current Full Year \$NZ'000	Previous corresponding Full Year \$NZ'000
10	4,120
nil	nil
nil	nil
(4,497)	(2,316)
nil	nil
(4,487)	1,804
2,011	20,499
nil	nil
1,190	279
59,930	37,348
58,644	59,930

5 EARNINGS PER SECURITY

Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share

- (a) Basic EPS
(b) Diluted EPS (if materially different from (a))

Earnings Per Security	
Current Full Year \$NZ'000	Previous corresponding Full Year \$NZ'000
nil	0.70
nil	0.66

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES (See Note (VII) attached):

- (a) Name of subsidiary or group of subsidiaries
(b) Percentage of ownership acquired
(c) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)
(d) Date from which such contribution has been calculated

The a2 Milk Company Limited (UK)

50%

(2,178,443)

1 January 2014

- (a) Name of subsidiary or group of subsidiaries
(b) Percentage of ownership acquired
(c) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)
(d) Date from which such contribution has been calculated

n/a

7 MATERIAL DISPOSALS OF SUBSIDIARIES (See Note (VII) attached)

- (a) Name of subsidiary or group of subsidiaries
(b) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)
(c) Date from which such contribution has been calculated
(d) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) for the previous corresponding half year/full year
(e) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) from sale of subsidiary

n/a

n/a

n/a

n/a

n/a

8 REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS

Information on the industry and geographical segments of the Listed Issuer is to be reported for the *full year in accordance with the provisions of NZIFRS 8 Operating Segments. Because of the differing nature and extent of segments among Listed Issuers, no complete proforma is provided, and the segment information should be completed separately and attached to this report. However, the following shows a suitable list of items for presentation and indicates which amounts should agree with items included elsewhere in the *full year report:

SEGMENTS

Industry

- Operating revenue:
 - * Sales to customers outside the group
 - * Intersegment sales
 - * Unallocated revenue
- Total revenue [consolidated total equal to Item 1.1(c) above]
- Segment result
- Unallocated expenses
- Operating surplus (Deficit) after tax (Item 1.3)
- Segment assets
- Unallocated assets
- Total assets (Equal to Item 9.3)

Geographical

- Operating revenue:
 - * Sales to customers outside the group
 - * Intersegment sales
 - * Unallocated revenue
- Total revenue [consolidated total equal to Item 1.1(c) above]
- Segment result
- Unallocated expenses
- Operating surplus (Deficit) after tax (Item 1.3)
- Segment assets
- Unallocated assets
- Total assets (Equal to Item 9.3)

_____please refer to attachment_____

(Note (VIII) attached has particular relevance for the preparation)		Consolidated Statement of Financial Position		
		At end of current Full Year \$NZ'000	As shown in last Annual Report \$NZ'000	If half yearly as shown in last half yearly report \$NZ'000
9 CURRENT ASSETS:				
(a) Cash		15,979	20,187	
(b) Trade receivables		27,358	24,375	
(c) Investments		nil	nil	
(d) Inventories		5,583	742	
(e) Other assets, current		2,217	2,399	
TOTAL CURRENT ASSETS		51,137	47,703	
9.1 NON-CURRENT ASSETS				
(a) Trade receivables		nil	nil	
(b) Other receivables		nil	377	
(c) Investments		nil	nil	
(d) Inventories		nil	nil	
(e) Property, plant and equipment		9,163	10,290	
(f) Goodwill		10,587	9,370	
(g) Other Intangible Assets		4,194	3,036	
(h) Other assets, non current		nil	nil	
(i) Deferred Taxation Assets		2,040	1,628	
9.2 TOTAL NON-CURRENT ASSETS		25,984	24,701	
9.3 TOTAL ASSETS		77,121	72,404	
9.4 CURRENT LIABILITIES				
(a) Trade Creditors		8,391	7,150	
(b) Income in advance, current		nil	nil	
(c) Secured loans		nil	nil	
(d) Unsecured loans		nil	nil	
(e) Provisions, current		8,327	4,086	
(f) Income Tax Liability		nil	301	
(g) Other liabilities, current		1,157	857	
TOTAL CURRENT LIABILITIES		17,875	12,394	
9.5 NON-CURRENT LIABILITIES				
(a) Accounts payable, non-current		124	80	
(b) Secured loans		nil	nil	
(c) Unsecured loans		nil	nil	
(d) Provisions, non-current		nil	nil	
(e) Deferred Taxation Liability, non-current		478	nil	
(f) Other liabilities, non-current		nil	nil	
9.6 TOTAL NON-CURRENT LIABILITIES		602	80	
9.7 TOTAL LIABILITIES		18,477	12,474	
9.8 NET ASSETS		58,644	59,930	
9.8(a) NET TANGIBLE ASSETS		43,863	47,524	
9.9 SHAREHOLDERS' EQUITY				
(a) Share capital (optional)		86,264	84,253	
(b) Reserves (optional)	(i) Revaluation reserve	nil	nil	
	(ii) Other reserves	(3,646)	(339)	
(c) Retained Surplus (accumulated Deficit) (optional)		(23,974)	(23,984)	
9.10 SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER		58,644	59,930	
(a) Minority equity interests in subsidiaries		nil	nil	
9.1 TOTAL SHAREHOLDERS' EQUITY		58,644	59,930	
(a) Returns on Assets (%) (EBIT divided by Total Assets)		1.0%	7.3%	
(b) Return on Equity (%) (Net Income divided by Shareholders' Equity)		nil	6.9%	
(c) Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)		31.5%	20.8%	

(See Note (IX) attached)		Consolidated Statement of cashflows for *full year	
10.0 CASH FLOWS RELATING TO OPERATING ACTIVITIES		Current Full Year \$NZ'000	Corresponding Full Year \$NZ'000
(a) Receipts from customers		107,446	86,502
(b) Interest received		403	274
(c) Dividends received		nil	nil
(d) Payments to suppliers and employees		(106,699)	(82,932)
(e) Interest paid		(40)	(100)
(f) Income taxes paid/refunds received		(899)	(322)
(g) Other cash flows relating to operating activities		224	225
NET OPERATING FLOWS		435	3,647

(See Note (IX) attached)			
11.0 CASH FLOWS RELATING TO INVESTING ACTIVITIES			
(a) Cash proceeds from sale of property, plant and equipment		nil	nil
(b) Cash proceeds from sale of equity investments		nil	nil
(c) Loans repaid by other entities		nil	nil
(d) Cash paid for purchases of property, plant and equipment		(871)	(1,245)
(e) Interest paid - capitalised		nil	nil
(f) Cash paid for purchases of equity investments		nil	nil
(g) Loans to other entities		nil	nil
(h) Acquisition of subsidiaries		nil	nil
(i) Investment in intangible assets		(2,042)	(2,071)
(j) Investment in associates		(4,574)	(2,514)
(k) Other cash flows relating to investing activities		nil	nil
NET INVESTING CASH FLOWS		(7,487)	(5,830)

(See Note (IX) attached)			
12.0 CASH FLOWS RELATED TO FINANCING ACTIVITIES			
(a) Cash proceeds from issue of shares, options, etc.		2,011	20,483
(b) Borrowings		nil	nil
(c) Repayment of borrowings		nil	(4,414)
(d) Dividends paid		nil	nil
(e) Other cash flows relating to financing activities		nil	(47)
NET FINANCING CASH FLOWS		2,011	16,022

(See Note (IX) attached)			
13.0 NET INCREASE (DECREASE IN CASH HELD)			
(a) Cash at beginning of *full year		20,187	6,568
(b) Exchange rate adjustments to Item 12.3(a) above		(605)	(220)
(c) Cash acquired with The a2 Milk Company Limited (UK)		1,438	nil
(d) CASH AT END OF *FULL YEAR		15,979	20,187

14.0 NON-CASH FINANCING AND INVESTING ACTIVITIES	
Provide details of financing and investing transactions which have had a material effect on group assets and liabilities but did not involve cash flows:	
In August 2013, the company and Freedom Foods Group Limited (FFG) agreed to modify the anti-dilution protections arising when the company acquired the remaining 50% holding in The a2 Milk Company (Australia) Pty Ltd (formerly A2 Dairy Products Australia Pty Ltd). As part of this modification, the company issued 400,000 new fully paid ordinary voting shares to FFG.	

15.0 RECONCILIATION OF CASH			
For the purposes of the above Statement of cash flows, cash includes:		Current Full Year NZ\$'000	Previous Corresponding Full Year NZ\$'000
Cash at the end of the *half year/full year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:			
Cash on hand and at bank		15,979	10,187
Deposits at call		nil	nil
Short term deposits (less than 60 days)		nil	10,000
Total = Cash at End of *Full Year (Item 13(c) above)		15,979	20,187

16.0 EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES

Information attributable to the reporting group's share of investments in associates and other material interests is to be disclosed by way of separate note below (refer NZ IAS 38 Investment in Associates and Joint Ventures).

16.1 GROUP SHARE OF RESULTS OF ASSOCIATES

- (a) OPERATING *SURPLUS (DEFICIT) BEFORE TAX
(b) Less tax
(c) OPERATING *SURPLUS (DEFICIT) AFTER TAX
(i) Extraordinary items (future income tax benefits)
(d) NET *SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX

Equity Earnings	
Current Full Year \$NZ'000	Previous corresponding Full Year \$NZ'000
(1,361)	(3,719)
nil	nil
(1,361)	(3,719)
nil	nil
(1,361)	(3,719)

16.2 MATERIAL INTERESTS IN CORPORATIONS NOT BEING SUBSIDIARIES

- (a) The group has a material (from group's viewpoint) interest in the following corporations:

Name	Percentage of ordinary shares held at end of Full Year		Contribution to net *surplus (deficit) (Item 1.5)	
	Current Full Year	Previous Corresponding Full Year	Current Full Year NZ\$'000	Previous Corresponding Full Year NZ\$'000
Equity Accounted Associates				
The a2 Milk Company Limited (UK) (formerly A2 Milk (UK) Limited)	100.0%	50.0%	Equity Accounted in current period	
Share of associate profits/ (losses)			(1,361)	(3,719)
			(1,361)	(3,719)
On 1 January 2014, The a2 Milk Company Limited acquired the remaining 50% interest of The a2 Milk Company Limited (UK) (a2M UK) for £1. From this date the loss of a2M UK is reported as a 100% owned subsidiary. Accordingly the current period result above represents trading for a 6 month period.				
Other Material Interests			Equity Accounted in current period	
Equity Accounted Joint Ventures	nil	nil	nil	nil

- (b) Investments/Non Current Receivables in Associates

Carrying value of investments in associates beginning of full year

Share of changes in associates' post acquisition surpluses/and reserves:

- Advances
- Retained surplus
- Reserves

Net goodwill amortisation and impairment adjustments in the period

Less Dividends received in the period

Less: Fair Value of acquisition of associates

Less: Transferred to subsidiary following acquisition

Equity carrying value of investments/receivables at the end of full year

Amount of goodwill included in carrying value at end of that full year

Current Full Year \$NZ'000	Previous Corresponding Full Year \$NZ'000
377	1,582
4,574	2,514
(1,361)	(3,719)
nil	nil
nil	nil
nil	nil
(3,590)	nil
nil	377
nil	nil

17.0 ISSUED AND QUOTED SECURITIES AT END OF CURRENT FULL YEAR

Category of Securities	Number Issued	\$ value
PREFERENCE SHARES:		
# (Description)		
Issued during current *full year	n/a	
ORDINARY SHARES:		
Fully Paid shares:		
Issued during year	400,000	-
(excludes PPS paid up and transferred to FPS - see below)		
Partly Paid shares:		
Issued during year	14,500,000	n/a
Paid up and transferred to Fully Paid Shares	17,500,989	\$ 2,011,000
CONVERTIBLE NOTES		
# (Description)		
Issued during current *full year	n/a	
Issued during current *full year	n/a	
DEBENTURES - Totals only:		
	\$	
UNSECURED NOTES - Totals only:		
	\$	
OTHER SECURITIES		
	\$	\$

Description includes rate of dividend or interest and any redemption or conversion rights together with the prices and dates thereof.

18.0 COMMENTS BY DIRECTORS

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

- (a) Material factors affecting the revenues and expenses of the group for the current year

refer attached commentary

- (b) Significant trends or events since end of current full year

Nil

- (c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed

Nil

- (d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain

1/Assessment of impairment of goodwill and intangibles

2/Capitalisation of intangible assets

3/Estimation of fair value of share based payments

4/Assessment of recognition of deferred tax on temporary differences and tax losses

5/Estimation of the carrying value of subsidiaries

- (e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty

refer attached commentary

- (f) Other comments

refer attached commentary

19 DIVIDEND

- (a) Dividend Yield as at balance date (%) (Annual dividend per share divided by price per share)

n/a

- (b) Tax Adjusted Dividend Yield as at balance date (%) (Annual net dividend per share divided by price per share)

n/a

20 ANNUAL MEETING (if full year report)

- (a) To be held at :
The offices of Simpson Grierson, Level 27,88 Shortland Street,Auckland City
- (b) Date: 18 November 2014 Time: 2pm
- (c) Approximate date of availability of Annual Report: 30 September 2014

If this *full year report was approved by resolution of the Board of Directors, please indicate date of meeting:

(signed by) Authorised Officer of Listed Issuer

(date)

*Delete as required

THE A2 MILK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2014

OPERATING SEGMENT INFORMATION

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Segment Revenue		Segment Profit	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Continuing operations				
Australia	106,866	92,450	4,517	3,627
China	2,745	1,977	(1,777)	(131)
New Zealand	126	247	3,004	6,756
United Kingdom	1,108	-	(2,178)	(207)
Adjustments and eliminations	-	-	-	(229)
	<u>\$110,845</u>	<u>\$94,674</u>	<u>\$3,566</u>	<u>\$9,816</u>
Interest income			455	288
Interest expense			(40)	(114)
Share of losses from associates/joint ventures			(1,361)	(3,719)
Depreciation and amortisation			(1,900)	(1,107)
Income tax income/(expense)			(710)	(1,044)
Consolidated segment profit/(loss)			<u>\$10</u>	<u>\$4,120</u>

Over 86% of milk and infant formula sales come from three customers. (2013: 90% from three customers)

	Depreciation & Amortisation		Additions to Non-Current Assets	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Australia	1,234	1,070	1,057	1,232
China	-	-	-	-
New Zealand	658	37	1,856	13
United Kingdom	8	-	-	-
	<u>\$1,900</u>	<u>\$1,107</u>	<u>\$2,913</u>	<u>\$1,245</u>

	Assets		Liabilities	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Australia	63,933	72,134	37,457	43,940
China	4,854	5,274	997	1,148
New Zealand	75,852	58,845	16,612	2,440
United Kingdom	3,305	499	9,416	5,090
Adjustments and eliminations	(70,823)	(64,348)	(46,005)	(40,144)
	<u>\$77,121</u>	<u>\$72,404</u>	<u>\$18,477</u>	<u>\$12,474</u>