

Bega Cheese Limited

Trading as 'Bega Cheese'
ABN 81 008 358 503



Directors

Barry Irvin
Executive Chairman

Maxwell Roberts
Deputy Chairman, Communications Committee Chairman

Richard Parbery
Deputy Chairman, Finance Committee Chairman

Thomas D'Arcy

Richard Platts

Executive Chairman's Leadership Team

Barry Irvin
Executive Chairman

Maurice Van Ryn
General Manager - Sales & Marketing

Colin Griffin
Chief Financial Officer, Bega Franchise Manager, Company Secretary

Aidan Coleman
Chief Executive Officer, Tatura Milk Industries Limited

Management Team

Sean Moran
General Manager - Processing & Packaging

Michael Hampson
General Manager - Commercial

Grattan Smith
General Manager - Supply Chain

Matthew Fanning
General Manager - Human Resources

John Hicks
General Manager - Manufacturing & New Business
Development

Brett Kelly
Chief Accountant / Company Secretary

Grahame Hocking
Senior Manager - Sales & Marketing

Elvis Amair
Senior Manager - Technical & Environment Services

Adrian Freckleton
Senior Manager - Quality

Ken Garner
Manager - Milk Supply & Farm Services



Review of Operations and Activities

The Bega Cheese business continued to grow in the 2009/2010 year with Company revenues of \$564.8 million and consolidated revenues of \$829.0 million. The successful integration of key manufacturing and packaging acquisitions and a much improved performance of the Tatura Milk Industries business sees Bega Cheese well placed to respond to improving international demand and pricing. The profit of \$16.5 million for the Company before a regional milk premium of \$6.6 million and a consolidated profit of \$28.5 million before regional milk premium, reflects the overall strength of the business.

The 2009/2010 year presented a number of challenges as the industry and markets remained impacted by the global financial crisis resulting in significantly reduced farm gate prices which, when combined with ongoing drought continued to cause financial stress for many of our suppliers.

Whilst the 2009/2010 year presented the Company with significant market and supply challenges it is pleasing to report that the Bega Cheese business once again proved resilient and capable of dealing with not only industry challenges but the integration of major acquisitions. Bega Cheese has experienced volume growth in all areas of its business, it has continued to build its relationships with key customers and developed a manufacturing and packaging infrastructure that delivers high quality, efficiently produced dairy products to our customers throughout the world.

In the 2009/2010 year Bega Cheese collected a total of 227 million litres of milk, 147 million litres was manufactured at the Lagoon Street facility in Bega, 55 million litres was processed at Coburg with the remainder being directed to liquid milk markets and other manufacturers. 19,906 tonnes of cheddar cheese, 7,623 tonnes of whey powder and 1,500 tonnes of butter and string cheese were produced in the 2009/2010 year which represented a record manufacturing year for Bega Cheese.

The first full year of ownership of our Coburg facility contributed to the record volumes of manufacture in our business. A total of 5,778 tonnes of cheddar cheese was manufactured at our Coburg site with a strong focus on good manufacturing practice resulting in much improved quality and environmental outcomes for the site.

The integration of the Bega Cheese Strathmerton facility which was acquired in March 2009 from Kraft Foods was a major focus for the business in the 2009/2010 year. Cheese packaged and processed at the Strathmerton facility totalled 29,412 tonnes. When combined with the 61,128 tonnes of packaged and processed cheese produced at our Ridge Street facility, the facilities produced record volumes of 90,540 tonnes of value added cheese products for customers in Australia and in over 50 countries around the world. The acquisition of our Strathmerton facility meets Bega Cheese's need for additional capacities while providing our customers with the security of dual site supply. A strategy of mirroring the major capacities of both plants has been adopted with significant investment being committed to additional new capacities and capabilities at Strathmerton.

While the market place in Australia continues to be highly competitive the Bega Brand performed strongly maintaining its position as Australia's leading cheese brand. The brand was supported by a strong advertising campaign featuring many of our local dairy farmers emphasising the qualities, heritage and pride that have contributed to the success and longevity of the brand.

As we entered the 2009/2010 year the impact of the global financial crisis was still creating much uncertainty particularly in the areas of our business with an export focus.

The Tatura Milk Industries business was particularly exposed to global markets with in excess of 80% of its manufactured dairy products destined for the international market place. Improving global pricing and a product mix of infant formula, cream cheese, milk protein concentrate, milk powders and nutritionals saw a major turnaround in the profitability of Tatura Milk Industries. A profit before tax of \$12.7 million at Tatura Milk Industries is a strong performance particularly in the context of the previous year loss before tax of \$5.4 million and the delivery of a leading milk price to suppliers in the Northern Victorian region.

Bega Cheese has experienced extraordinary growth in the past 3 years and is now a multi site operation capable of dealing with challenges as diverse as major acquisitions and integrations to global market volatility. The ongoing focus on customer requirements and market changes and developments ensures that the business will continue to create innovative and dynamic capacities and capabilities to deliver high quality, efficiently produced dairy products to our customers.

Growth and success are not possible without a dedicated group of people working toward a shared goal. There was great sadness at Bega Cheese this year when we said goodbye to Mick Byrnes. Mick had begun his career at Bega Cheese over 20 years ago as Operations Manager and had been Chief Executive Officer since 2005. In June 2008 Mick was diagnosed with cancer and he began a battle that was to continue until May 2010. Mick's contribution to Bega Cheese is self evident, he stepped down as Chief Executive Officer in January of 2010, he was a great contributor to the success of Bega Cheese but more importantly he was a great friend, colleague and mentor to all who worked with him.

Achievements are often best measured when the challenges are the greatest. As the business worked through the market place challenges, the impact of ongoing drought, the integration of acquisitions and management of key investments, it was necessary for our staff to go that extra mile. In my role as Executive Chairman I have received great support from the executive team, senior managers and staff. I would like to collectively acknowledge their efforts and contributions to the business.

As the Bega Cheese business continues to implement an ambitious growth strategy it is important to have strong support from the Board and shareholders. The unwavering commitment to the success of Bega Cheese's strategy by the Board continues to deliver the confidence required to ensure success and I would like to thank them for their considered advice and guidance to myself and the senior executive team.

The year has been a challenging one particularly for our supplier shareholders, the impact of a reduction in milk prices and continued drought created much financial stress. In these circumstances it is often difficult to support longer term strategic goals for the business but this has not been the case with the Bega Cheese shareholders. On behalf of the Board I would like to thank them for their continued support.

The successful integration of new acquisitions, record manufacturing and packaging volumes, the building of long term relationships with our key customers, and recovery in global markets have all been important contributors to this year's results. The Bega Cheese Group inclusive of our 70% ownership of Tatura Milk Industries now manufactures and value adds in excess of 200,000 tonnes of dairy products. The Group's product mix of cheddar, mozzarella, cream cheese, processed cheese, milk powders, and nutritionals positions us well for future growth in the Australian and international market place.

B.A. Irvin

Barry Irvin
Executive Chairman
28 September 2010



Directors' Report

Your Directors present the annual financial report of Bega Cheese Limited ("Bega Cheese") for the year ended 30 June 2010.

Directors

The following persons held office as Directors during and since the financial year:

Barry Irvin

Executive Chairman
Dairy farmer
Director since September, 1989

Maxwell Roberts

Deputy Chairman
Dairy farmer
Director since September, 1983

Richard Parbery

Deputy Chairman
Dairy farmer and accountant
Director since September, 1988

Thomas D'Arcy

Dairy Farmer
Director since April, 1998

Richard Platts

Dairy Farmer
Director since November, 2000

Principal Activities

The principal activity of Bega Cheese in the course of the financial year was receiving, processing, manufacturing and distributing dairy and associated products. A number of key issues in relation to the activities of Bega Cheese during the year ended 30 June 2010 are set out in the Executive Chairman's Review of Operations and Activities, which is to be read in conjunction with this Directors' report.

Result for the Period

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Profit attributable to shareholders before regional milk price premium.	28,404	23,776	16,532	32,835

Dividends

In respect of the financial year ended 30 June 2010 the Directors have recommended the payment of an ordinary fully franked dividend of 7 cents per share (2009: 7 cents per share fully franked), which will represent distributions in the order of \$1,901,000 (2009: \$1,737,000).

Review of Operations

A comprehensive review of operations is set out in the Executive Chairman's Review of Operations and Activities.

Remuneration Report

The remuneration report is set out in Note 29 of the financial statements.

Changes in State of Affairs

Other than disclosed in the Executive Chairman's Review of Operations and Activities, there have been no significant changes in the state of affairs of Bega Cheese since the last Annual Report.

Indemnification of Officers

During the financial year, Bega Cheese paid a premium in respect of a contract insuring the Directors (as named above) and all executive officers of Bega Cheese and of any related body corporate against a liability incurred as such a Director or executive officer, not exceeding the extent permitted by law. The contracts of insurance prohibit disclosure of the nature of the liabilities and the amount of the premiums. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Company or any related body corporate against a liability incurred as such an officer.

Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future years.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

The operations of Bega Cheese are subject to environmental legislation and regulations across two States. The Environmental Management Committee continues to manage this important area. During the financial year, this committee progressed discussions with the Environmental Protection Authority Victoria and the Department of Environment, Climate Change and Water (NSW), resulting in changes to our licence and reporting requirements. The changes in both states addressed the prescriptive nature of licences associated with our operations and improved our ability to meet our regulatory obligations. The Directors believe there is no significant exposure on environmental issues.

Meetings of Directors and Board Committees

The following table sets out the number of Board, Finance Committee and Communications Committee meetings held during the year ended 30 June 2010 and the number of meetings attended by each eligible Director and other members:

	Meetings of the Board of Directors	
	Held and Eligible	Attended
Barry Irvin	21	21
Maxwell Roberts	23	23
Richard Parbery	23	23
Thomas D'Arcy	23	23
Richard Platts	23	23

	Meetings of the Finance Committee	
	Held and Eligible	Attended
Richard Parbery - Deputy Chairman	12	12
Thomas D'Arcy - Director	12	12
Brett Kelly - Chief Accountant/Company Secretary	12	11
Michael Hampson - General Manager - Commercial *	10	8
Michelle Sonnenschein - Manager - PPU Finance *	10	9
Jane Grose - Manager - Group Finance *	10	10

* Michael Hampson, Michelle Sonnenschein and Jane Grose resigned from the Finance Committee during the year.

Brett Kelly, Michael Hampson and Michelle Sonnenschein gave apologies in advance of the meetings they were unable to attend.

	Meetings of the Communications Committee	
	Held and Eligible	Attended
Maxwell Roberts - Deputy Chairman	3	3
Richard Platts - Director	3	3
Ken Garner - Manager - Milk Supply & Farm Services	3	3

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* is set out on page 7.

Rounding of Amounts

The Group is of a kind referred to Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



Barry Irvin
Executive Chairman



Richard Parbery
Deputy Chairman
Bega
28 September 2010



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Auditor's Independence Declaration

As lead auditor for the audit of Bega Cheese Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bega Cheese Limited and the entities it controlled during the period.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink that reads 'P. J. Carney'.

P J Carney
Partner

Bega
28 September 2010



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Independent Auditor's Report To The Shareholders Of Bega Cheese Limited

Report on the financial report

We have audited the accompanying financial report of Bega Cheese Limited (the Company), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration for both Bega Cheese Limited and the Bega Cheese Limited Group (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

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

Independence

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

Auditor's opinion

In our opinion:

- a. the financial report of Bega Cheese Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial statements and notes 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 Note 29 on pages 48 to 59 for the year ended 30 June 2010. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the remuneration report of Bega Cheese Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



P J Carney
Partner

Bega
28 September 2010

Directors' Declaration

In the Directors' opinion:

- a. the financial statements and notes set out on pages 12 to 60 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 Company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Barry Irvin
Executive Chairman



Richard Parbery
Deputy Chairman

Bega
28 September 2010



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Statement of Comprehensive Income

	Notes	Consolidated		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Revenue from continuing operations	3	829,029	797,939	564,793	503,695
Cost of sales		(737,145)	(727,346)	(517,864)	(456,674)
Gross profit		91,884	70,593	46,929	47,021
Other income	3	8,106	10,628	8,652	14,471
Distribution expense		(24,016)	(20,012)	(13,056)	(10,249)
Marketing expense		(8,085)	(7,509)	(7,341)	(6,255)
Occupancy expense		(2,358)	(2,878)	(1,727)	(1,804)
Administration expense		(27,007)	(23,125)	(10,236)	(10,997)
Finance costs	4	(10,120)	(9,036)	(6,689)	(4,467)
Impairment of goodwill	12	-	(3,615)	-	(3,615)
Discount on acquisition of business		-	8,730	-	8,730
Profit before regional milk price premium		28,404	23,776	16,532	32,835
Regional milk price premium		(6,605)	(11,771)	(6,605)	(11,771)
Profit before income tax		21,799	12,005	9,927	21,064
Income tax benefit/(expense)	5	1,468	(1,705)	(2,620)	(3,587)
Profit for the year		23,267	10,300	7,307	17,477
Profit is attributable to:					
Equity holders of Bega Cheese Limited		18,223	11,350	7,307	17,477
Non-controlling interests		5,044	(1,050)	-	-
		23,267	10,300	7,307	17,477
Other comprehensive income					
Cash flow hedges		(3,300)	(3,332)	(242)	(679)
Available for sale financial assets		98	-	-	-
Total other comprehensive income		(3,202)	(3,332)	(242)	(679)
Total comprehensive income for the year		20,065	6,968	7,065	16,798
Total comprehensive income for the year is attributable to:					
Equity holders of Bega Cheese Limited		15,909	8,814	7,065	16,798
Non-controlling interests		4,156	(1,846)	-	-
		20,065	6,968	7,065	16,798

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheets

		Consolidated			Company	
	Notes	2010 \$'000	2009 \$'000	1 July 2008 \$'000	2010 \$'000	2009 \$'000
Assets						
Current assets						
Cash and cash equivalents	30	18,169	21,963	11,416	9,254	15,671
Trade and other receivables	6	89,580	99,562	79,381	52,697	51,702
Other financial assets	7	819	5,037	6,473	819	1,578
Inventories	8	122,531	104,058	111,439	67,885	68,595
Non-current assets classified as held for sale	9	27	393	-	27	346
Total current assets		231,126	231,013	208,709	130,682	137,892
Non-current assets						
Other financial assets	10	199	13	827	37,248	37,248
Property, plant and equipment	11	193,796	194,239	118,995	128,119	126,968
Deferred tax assets	5	17,212	10,959	9,677	2,931	2,428
Intangible assets	12	2,170	2,170	404	2,170	2,170
Total non-current assets		213,377	207,381	129,903	170,468	168,814
Total assets		444,503	438,394	338,612	301,150	306,706
Liabilities						
Current liabilities						
Trade and other payables	13	112,465	88,242	100,851	64,167	63,236
Borrowings	14	63,953	77,670	31,531	37,080	40,980
Current tax liabilities		2,717	716	-	2,717	716
Provisions	15	16,253	13,912	7,802	10,961	8,810
Total current liabilities		195,388	180,540	140,184	114,925	113,742
Non-current liabilities						
Trade and other payables	16	704	668	450	554	368
Borrowings	17	68,659	88,739	27,735	62,000	77,260
Provisions	18	2,136	1,498	2,915	1,715	1,061
Total non-current liabilities		71,499	90,905	31,100	64,269	78,689
Total liabilities		266,887	271,445	171,284	179,194	192,431
Net assets		177,616	166,949	167,328	121,956	114,275
Equity						
Contributed equity	19	27,163	24,810	24,796	27,163	24,810
Reserves	20	31,907	34,221	36,756	31,642	31,884
Retained earnings		92,888	76,402	65,770	63,151	57,581
Capital and reserves attributable to owners of Bega Cheese Limited		151,958	135,433	127,322	121,956	114,275
Non-controlling interests		25,658	31,516	40,006	-	-
Total equity		177,616	166,949	167,328	121,956	114,275

The above Balance Sheets should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

		Contributed equity	Capital profits reserves	Hedging reserve	Retained reserve	Non- controlling interests	Total
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated							
Balance as at 1 July 2008		24,796	40,636	2,865	61,655	41,131	171,083
Adjustment for prior period	20	-	(6,745)	-	4,115	(1,125)	(3,755)
Restated total equity at the beginning of the financial year		24,796	33,891	2,865	65,770	40,006	167,328
Total comprehensive income for the year as reported in the 2009 financial statements		-	-	(2,535)	10,671	(2,138)	5,998
Adjustment for prior period	20	-	-	-	678	292	970
Restated total comprehensive income for the year		-	-	(2,535)	11,349	(1,846)	6,968
Transactions with owners in their capacity as owners							
Contributions of equity	19	14	-	-	-	-	14
Dividends provided for or paid	21	-	-	-	(2,479)	(4,577)	(7,056)
Transactions with non-controlling interest		-	-	-	1,762	(2,067)	(305)
Balance as at 30 June 2009		24,810	33,891	330	76,402	31,516	166,949
Balance as at 1 July 2009		24,810	33,891	330	76,402	31,516	166,949
Total comprehensive income for the year		-	68	(2,382)	18,223	4,156	20,065
Transactions with owners in their capacity as owners							
Contributions of equity	19	2,353	-	-	-	-	2,353
Dividends provided for or paid	21	-	-	-	(1,737)	(4,074)	(5,811)
Transactions with non-controlling interest		-	-	-	-	(5,940)	(5,940)
Balance as at 30 June 2010		27,163	33,959	(2,052)	92,888	25,658	177,616

The above statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Changes in Equity (cont.)

		Contributed equity	Capital profits reserves	Hedging reserve	Retained reserve	Total
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Company						
Balance as at 1 July 2008		24,796	32,563	-	42,583	99,942
Total comprehensive income for the year		-	-	(679)	17,477	16,798
Transactions with owners in their capacity as owners						
Contributions of equity	19	14	-	-	-	14
Purchased back from		-	-	-	-	-
Dividends provided for or paid	21	-	-	-	(2,479)	(2,479)
Balance as at 30 June 2009		24,810	32,563	(679)	57,581	114,275
Balance as at 1 July 2009		24,810	32,563	(679)	57,581	114,275
Total comprehensive income for the year		-	-	(242)	7,307	7,065
Transactions with owners in their capacity as owners						
Contributions of equity	19	2,353	-	-	-	2,353
Dividends provided for or paid	21	-	-	-	(1,737)	(1,737)
Balance as at 30 June 2010		27,163	32,563	(921)	63,151	121,956

The above statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

		Consolidated		Company	
	Notes	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash flows from operating activities					
Receipts from customers					
inclusive of goods and services tax		863,366	808,697	592,106	513,379
Payments to suppliers and employees					
inclusive of goods and services tax		(791,131)	(777,331)	(546,189)	(498,495)
Regional milk price premium paid		(6,605)	(11,771)	(6,605)	(11,771)
Interest and other costs of financing paid		(11,000)	(7,430)	(6,423)	(3,816)
Income taxes paid		(1,412)	-	(1,412)	-
Net cash inflow/(outflow) from operating activities	30	53,218	12,165	31,477	(703)
Cash flows from investing activities					
Interest received		438	498	230	231
Dividend received		-	664	853	4,341
Payments for business combinations	25	-	(81,902)	-	(81,902)
Payments for property, plant and equipment	11	(20,741)	(19,625)	(14,930)	(10,314)
Payments for shares in listed companies		(1,211)	-	(1,211)	-
Payments for shares in unlisted companies		-	-	(6,000)	(5,000)
Proceeds from sale of property, plant and equipment		622	802	173	26
Proceeds from sale of shares in listed companies		1,423	3,330	1,423	3,330
Proceeds from sale of shares in unlisted companies		112	-	112	-
Net cash (outflow) from investing activities		(19,357)	(96,233)	(19,350)	(89,288)
Cash flows from financing activities					
Proceeds from borrowings		-	114,700	-	99,500
Repayment of borrowings		(33,367)	(7,099)	(19,100)	-
Repayment of leases		(514)	(908)	(60)	-
Loans repaid made to non-controlling interests		(3,228)	(4,051)	-	-
Share capital subscribed by members		2,353	14	2,353	14
Share capital subscribed by non-controlling interests		1,340	-	-	-
Share capital purchased back from non-controlling interests		(1,194)	(985)	-	-
Dividends paid to members		(1,737)	(2,479)	(1,737)	(2,479)
Dividends paid to non-controlling interests		(1,308)	(4,577)	-	-
Net cash (outflow)/inflow from financing activities		(37,655)	94,615	(18,544)	97,035
Net (decrease)/increase in cash and cash equivalents		(3,794)	10,547	(6,417)	7,044
Cash and cash equivalents at the beginning of the year		21,963	11,416	15,671	8,627
Cash and cash equivalents at the end of the year	30	18,169	21,963	9,254	15,671

The above statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

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 years presented, unless otherwise stated. The financial report includes separate financial statements for Bega Cheese as an individual entity and the consolidated entity consisting of Bega Cheese and its subsidiaries. Bega Cheese is domiciled in New South Wales and is incorporated in Australia. The address of the registered office is 23-45 Ridge Street, Bega, New South Wales.

The financial statements were authorised for issue by the Directors on 28 September 2010. The Directors have the power to amend and re-issue the financial statements.

a. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

At 30 June 2010 Tatura Milk Industries Limited ("Tatura Milk"), a subsidiary of Bega Cheese, has a material debt facility due for renegotiation within 12 months from the date of signing the financial report. The facility, a \$60.0 million facility of which \$21.5 million has been drawn down at year end, is due for renewal on 31 January 2011. This debt is currently disclosed as current in accordance with the relevant accounting standards. It is management's intention to renegotiate the facility for a further 12 months such that the full amount does not fall payable on 31 January 2011.

Having reviewed and considered the banking arrangements, forecast profitability and cash flows and considering the strength of the entity's relationship with the financial institution the Directors and management have formed the view that Tatura Milk will continue as a going concern from the date of this report and consequently will realise its assets and extinguish its liabilities in the normal course of business at the amounts included in the consolidated financial report. The financial report for the Group has therefore been prepared on a going concern basis.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Bega Cheese complies with International Financial Reporting Standards (IFRS).

Historical Cost Convention

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

Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a high degree of judgement or complexity. Areas where assumptions and estimates are significant to the financial statements are disclosed in the following notes:

Note	8	Inventories
Note	10	Non-current assets – Other financial assets
Note	12	Non-current assets – Intangible assets

Financial Statement Presentation

The Group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard

The above statements of Cash Flows should be read in conjunction with the accompanying notes.

b. Principles of Consolidation

Joint Ventures

Joint Venture Entities

The interest in a joint venture is accounted for in the consolidated financial statements using the proportionate consolidation method. Under proportionate consolidation the share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the financial statements. Details relating to the joint venture are set out in Note 28.

Profits or losses on transactions 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. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bega Cheese ("Company" or "parent entity") as at 30 June 2010 and the results of all subsidiaries for the year then ended. Bega Cheese and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1h.).

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the income statements. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statements, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Bega Cheese.

c. Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Bega Cheese's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in comprehensive income.

d. 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, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. 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:

Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when the Group has passed to the buyer the significant risks and rewards of ownership of the goods.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Rental Revenue

Rental revenue is recognised on an accrual basis in accordance with the substance of relevant rental agreements.

Interest Income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

e. 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 applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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, the deferred income tax is 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 neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the 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 tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

f. Government Grants

Grants from the government are recognised at their fair value where there is a 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 profit or loss over the period necessary to match them with the costs that they are intended to compensate.

g. 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 (Note 11). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 24). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term. The respective leased assets are included in the balance sheet based on their value.

h. Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

i. Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent 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 (cash generating unit). The reversal of an impairment loss is recognised immediately in income unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

j. Cash and Cash Equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

k. Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within 'administration expenses'. When a trade receivable for which an impairment allowance had 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 against other expenses in profit or loss.

l. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

m. Investments and Other Financial Assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, 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, in the case of assets classified as held to maturity, re evaluates this designation at the end of each reporting period.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

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 reporting date which are classified as non current assets. Loans and receivables are included in trade and other receivables (Note 6) in the balance sheet.

Available for Sale Financial Assets

Certain shares held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 2. Gains and losses arising from changes in fair value are recognised directly in reserves with the exception of impairment losses which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in reserves is included in profit or loss for the period.

m. Investments and Other Financial Assets (cont.)

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade date the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. 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.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

n. Derivatives and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swaps. The Group does not enter into derivative financial instruments for speculative purposes.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 2. Movements in the hedging reserve in shareholders' equity are shown in Note 20. The full fair value of a hedging derivative is classified as a non current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash Flow Hedge

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

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

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

Fair Value Hedge

Change in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised through comprehensive income, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

o. Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

- Buildings 20 – 40 years
- Plant and equipment 5 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

p. Intangible Assets

Brand Names

Brand names recognised by the Group have an indefinite useful life and are not amortised. Each reporting period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life for the assets. Such assets are tested for impairment in accordance with the policy stated in Note 12.

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 at the date of acquisition. Goodwill is not amortised. Instead, goodwill 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.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

q. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

r. Borrowings

Borrowings are initially recognised 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 profit or loss over the period of the borrowings using the effective interest method.

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 date.

s. Borrowing Costs

Borrowing costs are expensed as incurred.

t. Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to anyone item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

u. Employee Benefits

Short-term Obligations

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other Long-term Employee Benefit Obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the 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 end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement Benefit Obligations

All employees of the Group are entitled to benefits from the Group's superannuation plan on retirement, disability or death. All employees receive fixed contributions from the Group and the Group's legal or constructive obligation is limited to these contributions.

v. Contributed Equity

Ordinary shares are classified as equity.

w. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

x. Research and Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

y. 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.

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

z. New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

- i. AASB 9 replaces the multiple classification and measurement models in AASB 139 Financial instruments: Recognition and measurement with a single model that has only two classification categories: amortised cost and fair value.

The Group intends to apply the revised standard from 1 July 2013.

- ii. AASB 2009-5 Further amendments arising from the 2nd improvements project. The improvements project is an annual project that provides a mechanism for making non-urgent changes to IFRSs. The changes include editorial and accounting changes across a great number of standards.
- iii. Amendments arising from the third annual improvements project. The annual improvements process provides a vehicle for making non-urgent but necessary amendments to IFRSs. Amendments affect six standards and one IFRIC: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13.

The Group intends to monitor the amendments going forward.

2. Financial Risk Management

The Group's activities expose it to a variety of financial risks; market risks including currency risk, interest rate risk and price 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 derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Risk management is carried out by the treasury function within the finance department under policies approved by the Board of Directors and overseen by the Finance Committee. The officer identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units, by applying principals provided by the Board who have overall responsibility for risk management. The Board also approve policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments, and investment of excess liquidity.

a. Market Risk

The Group's activities expose it primarily to market risks in relation to foreign currency and interest rate movements. The Group enters into a variety of derivative financial instruments to manage exposures which include; forward foreign currency contracts to hedge exchange rate risks from the sale of exported goods; interest rate swaps to hedge the fair value risk associated with fluctuating interest rates.

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group exports dairy products and is exposed to foreign exchange risk, primarily the US dollar and Japanese Yen. The risk is measured using sensitivity analysis and cash flow forecasting, forward contracts are used to manage these risks.

The Group's risk management policy is to match highly probable future cash flows in foreign currencies, for cash flow hedge accounting purposes, with forward exchange contracts in the same currency and with closely corresponding settlement dates. 30-80% of its estimated foreign currency exposures in respect of forecast sales over the subsequent 12 months are hedged.

a. Market Risk (cont.)

The consolidated Group's exposure to foreign exchange risk at the end of the reporting period, expressed in Australian dollars, was as follows:

Consolidated	USD \$'000	JPY * \$'000	EUR * \$'000	2010 NZD * \$'000	2009 USD \$'000
Trade Receivables	15,077	-	103	-	20,673
Trade Payables	(171)	-	(271)	(113)	-
Forward exchange contracts					
Buy foreign currency (cashflow hedges)	89,318	-	-	-	58,162
Buy foreign currency (fair value hedges)	-	-	(300)	(303)	-
Sell foreign currency (cashflow hedges)	(84,922)	(2,144)	-	-	(61,443)
Sell foreign currency (fair value hedges)	17,158	-	-	-	12,735

* There was no exposure to these foreign currencies at 30 June 2009.

The Company is also exposed to foreign exchange risk on the same basis as the Group. The Company's exposure to foreign exchange risk at the end of the reporting period, expressed in Australian dollars, was as follows:

Company	USD \$'000	EUR * \$'000	2010 NZD * \$'000	2009 USD \$'000
Trade Receivables	4,936	103	-	3,766
Trade Payables	(171)	(271)	(113)	-
Forward exchange contracts				
Buy foreign currency (cashflow hedges)	-	-	-	-
Buy foreign currency (fair value hedges)	-	(300)	(303)	-
Sell foreign currency (cashflow hedges)	-	-	-	-
Sell foreign currency (fair value hedges)	17,158	-	-	12,735

* There was no exposure to these foreign currencies at 30 June 2009.

Group Sensitivity

This is based on the financial instruments held on 30 June 2010, had the Australian dollar weakened or strengthened by 10% against the US dollar, the Euro and Japanese Yen, with all other variables held constant. The analysis is performed on the same basis for 2009. The consolidated Group and Company sensitivity is detailed in the following table.

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Equity				
AUD\$ strengthens 10% - (increase)/decrease	5,037	2,614	-	-
AUD\$ weakens 10% - increase/(decrease)	(6,156)	(3,195)	-	-

Cash Flow and Fair Value Interest Rate Risk

The Group's main 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 if the borrowings are carried at fair value. Group policy is to maintain between 30 and 60 percent of its borrowings at a fixed rate using interest rate swaps. All borrowings were denominated in Australian dollars during 2009 and 2010.

a. Market Risk (cont.)

As at the reporting date, the Group and Company had the following variable rate borrowings and interest rate swaps outstanding:

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Liabilities				
Fixed Rate Instruments				
Bank overdrafts and loans	14,254	16,469	-	-
Variable Rate Instruments				
Bank overdrafts and loans	116,314	147,465	98,900	118,000
Interest rate swaps (notional principal amount)	(53,300)	(29,000)	(53,300)	(29,000)
Net Exposure on liabilities to interest risk	77,268	134,934	45,600	89,000
Assets				
Fixed Rate Instruments	2,565	6,404	-	-
Variable Rate Instruments	18,169	21,963	9,254	15,671

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

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration factors such as refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculate the impact on profit and loss of a defined interest rate shift.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps, have the economic effect of converting borrowings from floating rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the differences between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Group Sensitivity

At 30 June 2010, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been \$467,000 (2009: \$837,000) higher or lower for the Group's net profit and for the Company, \$316,000 (2009: \$615,000) higher or lower.

b. Credit Risk

Credit risk is managed on an entity 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 wholes and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'AA' are accepted. For customers, the finance function assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by management.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in Note 7. For customers, the Group generally retains title over the goods sold until full payment is received. For some trade receivables the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. In addition, the Company obtains insurance over all export debtors and some Australian customers.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to amounts past due at the reporting date.

b. Credit Risk (cont.)

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	18,169	21,963	9,254	15,671
Trade Receivables	81,813	81,144	50,908	42,306
Other receivables and prepayments	5,202	12,014	1,789	9,396
Vat loans to farmers	154	240	-	-
Advances to farmers	2,411	6,164	-	-
Fair Value derivatives	819	5,037	819	1,578
Total	108,568	126,562	62,770	68,951

There is considered to be limited credit risk in the balances of other receivables due to their nature as government debt, related parties or entities with which close commercial relationships are maintained.

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Not past due	63,843	65,125	36,517	31,476
Past due over 0-30 days	12,911	11,677	10,027	7,526
Past due over 30 days	5,059	4,342	4,364	3,304
Trade receivables at 30 June	81,813	81,144	50,908	42,306

For details of provisions held against trade receivables, see Note 6. All impaired balances are more than 60 days overdue.

c. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Financing Arrangements

The Group and the Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Expiring within one year (bill facility)	71,827	37,300	24,200	24,000
Expiring beyond one year (bank loans)	-	34,706	-	400
	71,827	72,006	24,200	24,400

c. Liquidity Risk (cont.)

Maturities of financial liabilities

The following table analyses the Group and Company's financial liabilities. The amounts disclosed in the table are contractual undiscounted cash flows

	0-12 months	1-2 years	2-5 years	Total contractual cash flows	Carrying amount
At 30 June 2010	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated					
Non Derivatives					
Finance leases	(988)	(1,420)	(20)	(2,428)	(2,044)
Secured bank loans	(67,271)	(18,838)	(55,429)	(141,538)	(130,568)
Trade and other payables	(108,947)	(150)	-	(109,097)	(109,097)
Derivatives					
Financial liabilities	(518)	(343)	(226)	(1,087)	-
Inflows	93,212	268	-	93,480	93,480
Outflows	(95,883)	(254)	-	(96,137)	(96,137)
Total	(180,395)	(20,737)	(55,675)	(256,807)	(244,366)
Company					
Finance leases	(80)	(80)	(20)	(180)	(180)
Secured bank loans	(40,937)	(14,482)	(53,359)	(108,778)	(98,900)
Trade and other payables	(62,871)	-	-	(62,871)	(62,871)
Derivatives					
Financial liabilities	(518)	(343)	(226)	(1,087)	-
Inflows	16,287	268	-	16,555	16,555
Outflows	(16,735)	(254)	-	(16,989)	(16,989)
Total	(104,854)	(14,891)	(53,605)	(173,350)	(162,385)

c. Liquidity Risk (cont.)

	0-12 months	1-2 years	2-5 years	Total contractual cash flows	Carrying amount
At 30 June 2009	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated					
Non Derivatives					
Finance leases	(988)	(988)	(761)	(2,737)	(2,475)
Secured bank loans	(81,410)	(18,995)	(83,612)	(184,017)	(163,934)
Trade and other payables	(86,320)	(150)	(150)	(86,620)	(86,239)
Derivatives					
Financial liabilities	(869)	(338)	(695)	(1,902)	-
Inflows	55,667	1,421	289	57,377	57,377
Outflows	(50,536)	-	-	(50,536)	(50,536)
Total	(164,456)	(19,050)	(84,929)	(268,435)	(245,807)
Company					
Non Derivatives					
Finance leases	(80)	(80)	(80)	(240)	(240)
Secured bank loans	(45,147)	(15,062)	(79,560)	(139,769)	(118,000)
Trade and other payables	(61,316)	-	-	(61,316)	(60,933)
Derivatives					
Financial liabilities	(869)	(338)	(695)	(1,902)	-
Inflows	11,130	1,421	289	12,840	12,840
Outflows	(9,461)	-	-	(9,461)	(9,461)
Total	(105,743)	(14,059)	(80,046)	(199,848)	(175,794)

d. Fair Value Estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) 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 (for example, over-the-counter derivatives and investments in unlisted subsidiaries) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. 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.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates to their fair values.

All fair value instruments are measured using quoted prices from active markets.

3. Revenue

Revenue from continuing operations consisted of the following items:

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Sales of goods	829,029	797,939	564,793	503,695
Other income				
Interest revenue	416	499	209	231
Royalties	5,159	5,649	5,159	5,649
Rental revenue	732	715	707	627
Dividends	6	664	859	4,341
Profit on sale of investment	405	2,675	205	2,675
Other	1,388	426	1,513	948
Total	837,135	808,567	573,445	518,166

4. Expenses

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Loss/(gain) on disposal of property, plant and equipment	133	(585)	324	63
Net foreign exchange losses	28	159	28	159
Operating lease minimum lease payments	1,665	1,070	639	449
Increase in inventory provisions	1,365	500	551	500
Provision for/(write back) of bad and doubtful debts	(269)	115	(217)	228
Employee benefits - defined contributions	7,464	5,599	5,341	3,854
Depreciation of non-current assets	20,636	16,056	13,488	9,128
Finance costs				
Interest on bank loans	8,567	7,091	6,067	3,667
Interest on obligations under finance leases	151	209	-	-
Other interest expense	382	891	382	681
Other finance costs	1,020	845	240	119
Total	10,120	9,036	6,689	4,467

5. Income Tax

Movements in deferred tax in the period are detailed below:

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
a. Income tax benefit/(expense)				
Current tax charge	(5,721)	4,125	(3,414)	(882)
Deferred tax benefit/(expense) from the origination and reversal of temporary differences	7,189	(5,996)	794	(2,871)
Adjustments recognised in the current year in relation to current tax of prior years	-	166	-	166
Total income tax benefit/(expense)	1,468	(1,705)	(2,620)	(3,587)
b. Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax benefit/(expense)	21,799	12,005	9,927	21,064
Tax at the Australian tax rate of 30% (2009-30%)	(6,539)	(3,602)	(2,978)	(6,319)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Non-assessable income	103	4,536	3	4,253
Non-deductible expenses	(289)	(2,524)	(24)	(1,412)
Other assessable income	(1)	(432)	(1)	(432)
Investment allowance	610	-	556	180
Other deductible expenses including dividends paid	2,806	3,018	150	59
Change in tax base for property, plant and equipment	47	-	(326)	(82)
Adjustments in respect of prior year	-	166	-	166
Tax losses not previously brought to account	4,690	(2,850)	-	-
Other	41	(17)	-	-
Total	1,468	(1,705)	(2,620)	(3,587)
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 through other comprehensive income	1,372	1,034	(291)	291
Total	1,372	1,034	(291)	291

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous period.

5. Income Tax (cont.)

**Consolidated
 Period ending 30 June 2010**

	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
Deferred tax assets				
Borrowing costs	91	(26)	-	65
Doubtful debts	94	(82)	-	12
Stock provisions	3,363	(843)	-	2,520
Sundry accrued expenses	1,578	1,717	(42)	3,253
Employee provisions	5,023	786	-	5,809
Leased assets	97	97	-	194
Tax losses brought to account	5,006	2,425	-	7,431
	15,252	4,074	(42)	19,284
Deferred tax liabilities				
Property, plant and equipment	(3,546)	807	-	(2,739)
Fair value of derivatives	(747)	-	1,414	667
Total	10,959	4,881	1,372	17,212

**Consolidated
 Period ending 30 June 2009**

	Opening / at acquisition \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
Deferred tax assets				
Borrowing costs	17	74	-	91
Doubtful debts	59	35	-	94
Stock provisions	4,300	(937)	-	3,363
Sundry accrued expenses	2,282	(704)	-	1,578
Employee provisions	5,016	7	-	5,023
Leased assets	99	(2)	-	97
Tax losses brought to account	3,281	1,725	-	5,006
	15,054	198	-	15,252
Deferred tax liabilities				
Property, plant and equipment	(2,359)	(1,187)	-	(3,546)
Fair value derivative	(1,781)	-	1,034	(747)
Total	10,914	(989)	1,034	10,959

5. Income Tax (cont.)

Company

Period ending 30 June 2010

Deferred tax assets

Borrowing costs

Doubtful debts

Stock provisions

Sundry accrued expenses

Employee provisions

Tax losses brought to account

Fair value of derivatives

Deferred tax liabilities

Property, plant and equipment

Total

	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
Borrowing costs	91	(25)	-	66
Doubtful debts	76	(65)	-	11
Stock provisions	20	(20)	-	-
Sundry accrued expenses	135	(78)	-	57
Employee provisions	3,346	748	-	4,094
Tax losses brought to account	-	-	-	-
Fair value of derivatives	291	-	(291)	-
	3,959	560	(291)	4,228
Deferred tax liabilities				
Property, plant and equipment	(1,531)	234	-	(1,297)
Total	2,428	794	(291)	2,931

Company

Period ending 30 June 2009

Deferred tax assets

Borrowing costs

Doubtful debts

Stock provisions

Sundry accrued expenses

Employee provisions

Tax losses brought to account

Fair value of derivatives

Deferred tax liabilities

Property, plant and equipment

Total

	Opening / at acquisition \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
Borrowing costs	17	74	-	91
Doubtful debts	8	68	-	76
Stock provisions	20	-	-	20
Sundry accrued expenses	112	23	-	135
Employee provisions	3,436	(90)	-	3,346
Tax losses brought to account	3,281	(3,281)	-	-
Fair value of derivatives	-	-	291	291
	6,874	(3,206)	291	3,959
Deferred tax liabilities				
Property, plant and equipment	(1,865)	334	-	(1,531)
Total	5,009	(2,872)	291	2,428

6. Current Trade and Other Receivables

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade receivables	81,855	81,455	50,948	42,563
Allowance for impairment of receivables	(42)	(311)	(40)	(257)
	81,813	81,144	50,908	42,306
Goods and services tax (GST) receivable	4,463	4,752	1,380	2,510
Prepayments	462	601	132	226
Other debtors	277	6,661	277	6,660
Advances for vat loans	154	240	-	-
Advances to members of Tatura Milk	2,411	6,164	-	-
Total	89,580	99,562	52,697	51,702

The average credit period for trade debtors is 30 days. No interest is generally charged on overdue debts. An allowance has been made for estimated irrecoverable amounts from a review of debtors outside their trading terms.

Advances for vat loans are made to members of Tatura Milk to assist with the purchase of on farm milk storage vats. Interest is charged at 9% (2009: 8%).

Advances to members of Tatura Milk are interest bearing loans to assist with short term working capital. The advances have a maximum repayment term of 12 months and interest is charged at 9% (2009: 8%).

7. Other Financial Assets

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
At fair value:				
Fair value of derivatives	819	5,037	819	1,578
Total	819	5,037	819	1,578

8. Inventories

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Finished goods at cost	17,021	27,491	17,021	24,221
Finished goods at net realisable value	50,113	27,398	6,093	3,270
Raw materials and stores at cost	55,397	49,169	44,771	41,104
Total	122,531	104,058	67,885	68,595

9. Non-Current Assets - Available for Sale

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
At fair value:				
Unlisted equity securities	-	160	-	112
Property plant and equipment	27	233	27	234
Total	27	393	27	346

Subsequent to 30 June 2009, the unlisted equity securities were sold for the value shown above. The property, plant and equipment is awaiting sale.

10. Non-Current Assets - Other Financial Assets

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Investment in subsidiary - Tatura Milk	-	-	37,200	37,200
Fair valued through profit and loss				
Listed equity securities	140	-	-	-
Unlisted equity securities	59	13	48	48
	199	13	37,248	37,248

The parent entity, Bega Cheese, purchased a 70% interest in Tatura Milk, a company incorporated in Australia on 23 April 2007. Details of the subsidiary are disclosed in note 27.

In the current year, a \$140,000 (2009: \$Nil) temporary reversal in the fair value of available for sale assets was recognised in the consolidated entity in other comprehensive income. The consolidated entity's exposure to credit, currency and interest rate risks related to investments is disclosed in Note 2.

11. Non-Current Assets - Property, Plant and Equipment

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Land and buildings				
At cost	79,973	79,088	51,470	50,454
Accumulated depreciation	(18,921)	(16,241)	(13,034)	(11,422)
Total land and buildings	61,052	62,847	38,436	39,032
Plant and equipment				
At cost	292,680	282,936	153,149	144,835
Accumulated depreciation	(173,088)	(159,009)	(69,967)	(59,675)
Total plant and equipment	119,592	123,927	83,182	85,160
Leased assets				
At cost	4,856	4,856	-	-
Accumulated depreciation	(3,642)	(2,948)	-	-
Total leased assets	1,214	1,908	-	-
Construction in progress	11,938	5,557	6,501	2,776
Total property, plant and equipment	193,796	194,239	128,119	126,968

The movements in property, plant and equipment are:

	Construction in progress \$'000	Land and buildings \$'000	Plant and equipment \$'000	Leased assets \$'000	Total \$'000
Consolidated					
Period ending 30 June 2010					
Balance at the beginning of the period	5,557	62,847	123,926	1,908	194,239
Capital expenditure	20,741	-	-	-	20,741
Disposals	-	(236)	(311)	-	(547)
Depreciation	-	(2,680)	(17,262)	(694)	(20,636)
Transfers	(14,360)	1,121	13,239	-	-
Balance at the end of the financial period	11,938	61,052	119,592	1,214	193,796
Period ending 30 June 2009					
Balance at the beginning of the period	4,360	36,065	75,969	2,601	118,995
Acquisition through business combinations	-	22,105	49,545	-	71,650
Capital expenditure	19,867	-	-	-	19,867
Disposals	-	(122)	(95)	-	(217)
Depreciation	-	(2,226)	(13,137)	(693)	(16,056)
Transfers	(18,670)	7,025	11,645	-	-
Balance at the end of the financial period	5,557	62,847	123,927	1,908	194,239

11. Non-Current Assets - Property, Plant and Equipment (cont.)

	Construction in progress \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Company				
Period ending 30 June 2010				
Balance at the beginning of the period	2,776	39,032	85,160	126,968
Capital expenditure	14,930	-	-	14,930
Disposals	-	-	(291)	(291)
Depreciation	-	(1,612)	(11,876)	(13,488)
Transfers	(11,205)	1,016	10,189	-
Balance at the end of the financial period	6,501	38,436	83,182	128,119
Period ending 30 June 2009				
Balance at the beginning of the period	2,910	16,741	34,330	53,981
Acquisition through business combinations	-	22,105	49,545	71,650
Capital expenditure	10,553	-	-	10,553
Disposals	-	-	(88)	(88)
Depreciation	-	(1,197)	(7,931)	(9,128)
Transfers	(10,687)	1,383	9,304	-
Balance at the end of the financial period	2,776	39,032	85,160	126,968

12. Non-Current Assets - Intangible Assets

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Brands	405	405	405	405
Water rights	1,765	1,765	1,765	1,765
Total intangible assets	2,170	2,170	2,170	2,170
Movement in intangibles				
Balance at the beginning of the financial period	2,170	405	2,170	405
Acquisition through business combination				
Goodwill	-	3,615	-	3,615
Water rights	-	1,765	-	1,765
Impairment of goodwill	-	(3,615)	-	(3,615)
Balance at the end of the financial period	2,170	2,170	2,170	2,170

Brands comprises the "Melbourne" brand for packing and distribution of cheese products under this label. The brand is considered to have an indefinite life due to the product life cycle and current market demand. Impairment was further tested by reviewing the revenue and profits of "Melbourne" brand products.

Water rights were acquired during the prior year as part of the acquisition of the Strathmerton facility. Impairment was tested by reference to market values. For further details of the Strathmerton facility acquisition, see Note 25.

In the prior year, goodwill was created during the process of an acquisition. Due to the impact of the global financial crisis on dairy commodity prices and the dairy industry, the goodwill was reviewed for impairment and written off prior to 30 June 2009. For further details on goodwill, see Note 25.

13. Current Liabilities - Trade and Other Payables

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Trade payables	66,849	54,832	37,692	38,917
Accrued charges and sundry creditors	42,098	31,107	25,179	16,399
Amounts owed to Tatura Milk	-	-	-	5,617
Fair value of derivatives	3,518	2,303	1,296	2,303
Total	112,465	88,242	64,167	63,236

The average credit period on purchases is 30 days from the month the goods are received in except for certain professional fees. No material amounts of interest are charged on late payments.

14. Current Liabilities - Borrowings

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Current - at amortised cost				
Secured term loans	62,668	76,834	37,000	40,900
Finance lease liabilities	1,285	836	80	80
Total	63,953	77,670	37,080	40,980

For further details on borrowings see Note 17.

15. Current Liabilities - Provisions

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Employee benefits	16,253	13,912	10,961	8,810
Total	16,253	13,912	10,961	8,810

16. Non-Current Liabilities - Trade and Other Payables

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Other trade payables	150	300	-	-
Derivatives	554	368	554	368
Total	704	668	554	368

For further detail on amounts payable to Tatura Milk, see Note 27.

17. Non-Current Liabilities - Borrowings

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Secured term loans	67,900	87,100	61,900	77,100
Finance lease liabilities	759	1,639	100	160
Total	68,659	88,739	62,000	77,260

Each of Bega Cheese and Tatura Milk have separate banking facilities. The respective facilities:

- are stand-alone facilities and are not subject to cross-charges or cross-guarantees
- include normal commercial terms and conditions and particular bank covenants relating to the financial position and performance of the respective entities
- are subject to separate equitable mortgages and floating charges over all the assets and undertakings of the respective entities.

Further information relating to the facilities is set out at Note 2.

18. Non-Current Liabilities - Provisions

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Employee benefits	2,136	1,498	1,715	1,061
Total	2,136	1,498	1,715	1,061

The number of employees in the Group at 30 June 2010 was 1,286 (2009: 1,160). The number of employees in the Company as at 30 June 2010 was 958 (2009: 842).

19. Contributed Equity

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
a. Share capital				
Ordinary shares fully paid	27,163	24,810	27,163	24,810

19. Contributed Equity (cont.)

	A Class Shares \$'000 and number	B Class Shares \$'000 and number	Total \$'000 and number
b. Movement in share capital			
Ordinary shares on issue at 1 July 2008	20,321	4,475	24,796
Subscribed by shareholders	14	-	14
Transfers between classes	(338)	338	-
Ordinary shares on issue at 30 June 2009	19,997	4,813	24,810
Ordinary shares on issue at 1 July 2009	19,997	4,813	24,810
Subscribed by shareholders	2,353	-	2,353
Transfers between classes	(855)	855	-
Ordinary shares on issue at 30 June 2010	21,495	5,668	27,163

c. Classes of ordinary shares

Bega Cheese has two classes of ordinary shares; "A Class Shares", which are held by suppliers, and "B Class Shares" if the member has ceased to be a supplier. Voting control of Bega Cheese is conferred on "A Class Shares" with one vote for each "A Class Share" held. "B Class Shares" do not carry any voting rights except for the purposes of voting on a variation of rights attached to "B Class Shares". Both classes have rights to dividends and other distributions made on the basis of shares held.

As the Company does not have a right to unconditionally repurchase the shares, the shares are classified in equity.

20. Reserves and Retained Earnings

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
a. Reserves				
Capital profits reserve	33,959	33,891	32,563	32,563
Hedging reserve	(2,052)	330	(921)	(679)
	31,907	34,221	31,642	31,884

b. Nature and purpose of reserves

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 1. The capital profits reserve is held to maintain adequate equity balances in the business.

20. Reserves and Retained Earnings (cont.)

c. Restatement of Prior Year Balance

During the financial year, the consolidated entity reviewed the accounting and tax treatment of the deferred consideration paid by its subsidiary, Tatura Milk, to eligible redeemable preference shareholders. The review resulted in the need to amend previously published financial statements as detailed below:

Consolidated	Previously reported opening balance \$'000	Adjustment to opening balance \$'000	Adjusted opening balance \$'000
As at 1 July 2008			
Deferred tax assets	13,432	(3,755)	9,677
Capital profits reserve	40,636	(6,745)	33,891
Retained profits	61,655	4,115	65,770
Non-controlling interests	41,131	(1,125)	40,006
As at 30 June 2009			
Deferred tax assets	13,744	(2,785)	10,959
Capital profits reserve	40,636	(6,745)	33,891
Retained profits	69,846	6,556	76,402
Non-controlling interests	34,113	(2,597)	31,516
Profit for the year	9,330	970	10,300

21. Dividends to Shareholders

	Company	
	Full year 2010 \$'000	Full year 2009 \$'000
Recognised amounts		
2009 Final dividend of 7 cents (2008 - 10 cents)	1,737	2,479
Unrecognised amounts		
2010 Final dividend of 7 cents (2009 - 7 cents)	1,901	1,737
Value of the dividend franking accounts	913	242

All dividends paid in 2008 were not franked. The dividend paid in 2009 was fully franked. The proposed dividend is expected to be fully franked.

22. Remuneration of Auditors

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial report	265	255	176	169
Non-PricewaterhouseCoopers Australian firm				
Audit and review of financial report	10	33	10	10
Non-audit services				
PricewaterhouseCoopers Australian firm				
Other services	20	53	20	53

23. Contingent Liabilities, Guarantees and Warranties

The Group provides warranties for products it supplies to customers in the ordinary course of business on reasonable commercial terms. No material warranty claims have arisen since 30 June 2010 which result in the need to raise additional liabilities of the Group as at 30 June 2010.

24. Commitments

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
a. Capital commitments				
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:				
Capital expenditure - payable within one year				
Plant and equipment	9,035	1,511	6,849	1,258

b. Lease commitments - Group as lessee

Non-cancellable operating leases

Operating leases held by Bega Cheese relate to equipment with lease terms of up to five years and no option to extend. Bega Cheese does not have an option to purchase the leased asset at the expiry of the lease period. The additional leases included in the Group relate to motor vehicle operating leases. The motor vehicle leases typically run for a period of one to five years with an option to renew the lease after this date.

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Plant and machinery				
Within one year	596	754	554	640
Between one and five years	577	519	528	508
Land and buildings				
Within one year	-	39	-	39
	1,173	1,312	1,082	1,187

24. Commitments (cont.)

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
c. Finance leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	988	988	80	80
Between one and five years	781	1,749	100	160
Minimum lease payments	1,769	2,737	180	240
Future finance charges	(111)	(262)	-	-
Total lease liabilities	1,658	2,475	180	240
Representing lease liabilities				
Current (Note 14)	1,285	836	80	80
Non-current (Note 17)	759	1,639	100	160
Total lease liabilities	2,044	2,475	180	240

The Group leases production plant and equipment under finance leases expiring from one to five years. At the end of the lease term, the Group has the option to purchase the equipment at lower than market value. The Group's lease liabilities are secured by the leased assets of \$1,213,000 (2009: \$2,147,000) as in the event of default, the leased assets revert to the lessor.

25. Business Combination

a. Summary of acquisitions

Coburg facility

On 31 October 2008, Bega Cheese acquired the Coburg facility, a cheese making plant located in Coburg, Victoria.

The acquired business contributed revenues of \$5,121,000 and a loss of \$(2,080,000) to the Group for the period from 31 October 2008 to 30 June 2009. If the acquisition had occurred on 1 July 2008, consolidated revenue and profit for the year ended 30 June 2009 would have been \$820,964,000 and \$8,290,000 respectively.

Strathmerton facility

On 13 March 2009, Bega Cheese acquired the Strathmerton facility, a cheese processing and packaging plant located in Strathmerton Victoria.

The acquired business contributed revenues of \$39,858,000 and a loss of \$(1,181,000) to the Group for the period from 13 March 2009 to 30 June 2009. If the acquisition had occurred on 1 July 2008, consolidated revenue and profit for the year ended 30 June 2009 would have been \$891,550,000 and \$6,556,000 respectively.

Basis of assumption of profit and revenue figures

These amounts have been calculated using the Group's accounting policies by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July, 2008, together with the consequent tax effects.

25. Business Combination (cont.)

b. Purchase consideration

Consolidated and Company	
Coburg and Strathmerton Facilities	2009 \$'000
Cash paid	77,673
Direct costs relating to the acquisition	4,229
Total consideration	81,902
Fair value of net identifiable assets acquired (per below)	87,017
Total	(5,115)
This balance is represented by:	
Goodwill	3,615
Discount on acquisition	(8,730)

The goodwill acquired was subsequently assessed as impaired and written off prior to 30 June 2009, see Note 12. The discount on acquisition is included in the income statement.

c. Assets and liabilities acquired

Consolidated and Company		
Coburg and Strathmerton Facilities	Acquiree's carrying amount \$'000	Fair value \$'000
Trade and other receivables	72	72
Inventories	16,646	16,646
Assets held for resale	233	233
Property, plant and equipment	63,567	71,650
Intangible assets	-	1,765
Deferred tax asset	1,219	1,236
Trade and other payables	-	(463)
Provisions	(4,064)	(4,122)
Net assets	77,673	87,017

There were no acquisitions in 2010.

26. Related Party Disclosures

a. Terms and conditions of related party transactions

Transactions between the Group and related parties are conducted on normal commercial terms and conditions.

During the period the Company had the following transactions with Tatura Milk:

	Sales to Tatura Milk		Purchases from Tatura Milk	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Dairy products	5,858	2,014	12,209	11,637
Management fees	385	579	463	-

26. Related Party Disclosures (cont.)

During the year the Company received dividends from Tatura Milk of \$852,000 (2009: \$3,677,800). At 30 June 2010, Tatura Milk held 2,000 shares in Bega Cheese (2009: 2,000).

The following balances arising from transactions between the Company and Tatura Milk are outstanding at reporting date:

- Receivables are included in trade and other receivables of \$693,000 (2009: \$1,005,710).
- Payables are included in trade and other creditors of \$499,000 (2009: \$1,236,988).
- Deferred consideration of \$Nil (2009: \$5,617,662).

During the period the Group had the following transactions with its joint venture:

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Sales	8,956	10,098	8,956	10,098

Bega Cheese also rented property, plant and equipment to the joint venture on normal commercial terms. Further details of the joint venture are included in Note 28.

b. Transactions with Directors

The Directors each own equity shares and supplied milk to Bega Cheese on normal commercial terms and conditions during the year. Shareholdings of the Directors are as follows:

	Company	
	2010	2009
	Number	Number
Ordinary "A Class Shares"		
Barry Irvin	751,246	714,499
Maxwell Roberts	418,750	376,987
Richard Parbery	666,003	574,823
Thomas D'Arcy	320,069	275,558
Richard Platts	884,489	796,230

During the year ended 30 June 2010 Bega Cheese made an offer of "A Class Shares" to former shareholders which provided the opportunity to take up a pre-determined number of "A Class Shares". Each of the Directors took up their entitlement under that offer, which accounts for the entire movement in the number of their shares held from 30 June 2009 to 30 June 2010. Details of non-executive remuneration are included in Note 29.

c. Key management personal remuneration

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Short term employee benefits	2,211,144	1,863,384	1,873,484	1,664,075
Long term employee benefits	146,468	203,654	119,935	168,408
Total	2,357,612	2,067,038	1,993,419	1,832,483

Further details of key management personal remuneration are disclosed in Note 29.

27. Subsidiary

	Country of incorporation	Class of Shares	Equity holding	
			2010 %	2009 %
Tatura Milk Industries Limited	Australia	Ordinary	74	74

The proportion of ownership interest is equal to the number of shares held.

Bega Cheese acquired a 70% interest in Tatura Milk Industries in April 2007. As part of that acquisition, Bega Cheese undertook to provide the minority shareholders the opportunity to retain a 30% interest in Tatura Milk via redeemable preference shares. Since the acquisition by Bega Cheese, a number of redeemable preference shareholders of Tatura Milk have ceased supplying milk to Tatura Milk which has resulted in the redeemable preference shares previously held by them being compulsorily purchased back by Tatura Milk in accordance with its constitution. As a result, the number of redeemable preference shares held by the non-controlling interest has fallen below 30%.

During 2009 and 2010, Tatura Milk ran a voluntary redeemable preference share subscription scheme which provided existing redeemable preference shareholders the opportunity to subscribe for more redeemable preference shares, such that they hold a 30% interest in Tatura Milk. During the two years the scheme has operated, 2,018,194 redeemable preference shares have been issued by Tatura Milk.

Notwithstanding the significant uptake of redeemable preference shares, more shares have been compulsorily acquired than have been issued under the voluntary scheme. As a result, Bega Cheese held a 74% controlling interest in Tatura Milk of 30 June 2010 (30 June 2009: 74%). Whilst Bega Cheese holds a 74% controlling interest in Tatura Milk, it has only consolidated 70% of Tatura Milk in the 2010 Group financial statements (2009: 70%) as:

- Bega Cheese is committed to providing the redeemable preference shareholders of Tatura Milk the opportunity, on a voluntary basis, to subscribe for up to 30% of that entity over time.
- The existing redeemable preference shareholders of Tatura Milk strongly support the objective of retaining the right to acquire up to a 30% interest in that entity and
- As climatic conditions improve and the overall financial position of the redeemable preference shareholders strengthens, those shareholders should be better placed to participate in the voluntary scheme in the future, and thus take up their 30% interest.

If Bega Cheese had consolidated the results of Tatura Milk at the same proportion to its controlling interest, profit or the Group in the current year would be increased by \$485,000 (2009 :decreased by \$169,000).

28. Joint Venture

Bega Cheese holds a 25% interest in the output of Capitol Chilled Foods (Australia) Pty Ltd, the management company responsible for operating the joint venture. The principal activity of the joint venture is liquid milk and chilled food distribution. Bega Cheese's interest in assets employed in the joint venture is detailed below. The amounts are included in the financial statements under their respective asset categories:

	Consolidated		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash	903	402	903	402
Trade and other receivables	2,146	1,682	2,146	1,682
Inventories	197	190	197	190
Total current assets	3,246	2,274	3,246	2,274
Non-current assets				
Property, plant and equipment	723	432	723	432
Total non-current assets	723	432	723	432
Total assets	3,969	2,706	3,969	2,706
Current liabilities				
Current accounts payables	2,357	1,357	2,357	1,357
Total current liabilities	2,357	1,357	2,357	1,357
Total net assets	1,612	1,349	1,612	1,349
Income	13,329	12,889	13,329	12,889
Expense	10,967	10,901	10,967	10,901

No contingent liabilities arose from the consolidated entity's interest in the joint venture. The capital commitments arising from the consolidated entity's interest in the joint venture are included within Note 24.

29. Remuneration Report

This report sets out the remuneration of the Executive Chairman, Chief Executive Officer (where applicable) and other key management personnel of the Group, being the executives accountable for planning, directing and controlling the affairs of the Group.

This report also addresses the remuneration of the non-executive Directors of the Company, being those Directors who do not hold executive responsibilities. The remuneration of non-executive Directors is determined by reference to the Constitution, which has been approved by the Shareholders of the Company.

29. Remuneration Report (cont.)

Executive Chairman's Leadership Team - Key Management Personnel

The Executive Chairman's Leadership Team is selected by the Executive Chairman, is accountable for planning, directing and controlling the affairs of the Group, represents the key management personnel for the Group and comprised the following people:

Name	Positions Held	Entity (1)	2010	2009
Barry Irvin	Executive Chairman	BCL	✓	✓
	Non-executive Chairman	TMI	✓	✓
	Non-executive Deputy Chairman	CCFA	✓	✓
Michael Byrnes	Chief Executive Officer	BCL	To 31 Jan 10	✓
	Non-executive Director	TMI	To 17 Feb 10	✓
Aidan Coleman	Chief Executive Officer	TMI	✓	From 12 Aug 08
Maurice Van Ryn	Chief Executive Officer	TMI	-	To 11 Aug 08
	General Manager Sales & Marketing	BCL	✓	From 12 Aug 08
	Alternate Non-executive Director	TMI	From 12 Aug 08	-
	Non-executive Director	TMI	From 17 Feb 10	-
Colin Griffin	CFO, Bega Franchise Mgr, Co. Secretary	BCL	✓	✓
	Non-executive Director	TMI	✓	✓
	Non-executive Director	CCFA	✓	✓

✓ Indicates member of Executive Chairman's Leadership Team for the full financial year ended 30 June

(1) BCL – Bega Cheese Limited; TMI – Tatura Milk Industries Limited; CCFA – Capital Chilled Foods (Australia) Pty Ltd

Bega Cheese Executives - Service Agreements

Each of Michael Byrnes (up until he resigned in January 2010), Maurice Van Ryn and Colin Griffin has a specific service agreement with the Company, the key terms of which are as follows:

Term	Ongoing, subject to termination rights set out in the service agreement
Termination by Company	Two years notice if given within 12 months of a change of control of the Company, or payment in lieu of such minimum notice Otherwise one year's notice, or payment in lieu of such minimum notice Forthwith in the event of incapacity or breach of the service agreement by the executive without remedy
Termination by Executive	One year's notice or lesser period as agreed by the Company Three months notice or lesser period as agreed by the Company if given within 12 months of a change of control of the Company Forthwith in the event of the Company going into liquidation or making any composition or arrangement with its creditors or breach of the agreement by the Company without remedy
Payments on Termination	Salary and statutory entitlements up to the date of termination and, if applicable, payment in lieu of the minimum notice period as per above

Other Executives of the Company, inclusive of the Executive Chairman are subject to a standard letter of employment, with no fixed term, where termination can be effected by either the Company or the Executive with one months notice and no contractual payments are due on termination, other than statutory entitlements.

29. Remuneration Report (cont.)

Tatura Milk Industries Limited Executives

Aidan Coleman has a service agreement with Tatura Milk, the key terms of which are as follows:

Term	Ongoing, subject to termination rights set out in the service agreement
Termination by either TMI or Executive	Six months notice or, at the discretion of TMI, payment in lieu of such minimum notice
Termination by TMI	Forthwith in the event that the executive becomes incapacitated, bankrupt, of unsound mind, is guilty of serious misconduct or is convicted of a serious criminal or civil offence which affects his ability to perform his duties
Termination by Executive	Four weeks notice if given within 3 months of a change of control of TMI, in which case the executive is entitled to a payment equal to 3 months salary
Payments on Termination	Salary and statutory entitlements up to the date of termination and, if applicable, payment in lieu of the minimum notice period or payment on termination by the executive as a result of a change of control of TMI as per above

Bega Cheese Senior Executive Team

The Senior Executive Team of the Company is selected by the Executive Chairman, is responsible for the day to day operations of the Company and execution of strategies and directions set by the Board and the Executive Chairman's Leadership Team, and comprised the following people:

Name	Positions Held	2010	2009
Barry Irvin	Executive Chairman	✓	✓
Michael Byrnes	Chief Executive Officer	To 31 Jan 10	✓
Maurice Van Ryn	General Manager - Sales & Marketing	✓	✓
Colin Griffin	Chief Financial Officer/Bega Franchise Manager/ Company Secretary	✓ ✓	✓ ✓
Grattan Smith	Supply Chain Manager	-	✓ (3)
	General Manager - Supply Chain	✓ (1)	-
Matthew Fanning	Human Resources Manager	-	✓ (3)
	General Manager - Human Resources	✓ (1)	-
Sean Moran	General Manager - Processing & Packaging	✓ (1)	- (2)
Michael Hampson	General Manager - Commercial	✓ (1)	- (2)
John Hicks	General Manager - Manufacturing & New Business Development	✓ (1) ✓ (1)	- (2) - (2)

✓ Indicates member of Senior Executive Team for the full financial year ended 30 June

(1) Appointed to the role of General Manager on 1 July 2009

(2) Joined Senior Executive Team 1 July 2009

(3) Joined Senior Executive Team 1 July 2008

29. Remuneration Report (cont.)

Appointment of the Most Senior Management Position in the Company

The Board is responsible for the appointment of the most senior management position in the Company.

Michael Byrnes was the Chief Executive Officer of the Company from March 2005 up until his retirement 31 January 2010. During the 2009 and 2010 financial years Michael Byrnes had periods of extended leave due to health reasons. Michael Byrnes retired as Chief Executive Officer of the Company with effect from 31 January 2010 and resigned as a Director of Tatura Milk with effect from 17 February 2010. Michael Byrnes's outstanding contribution to the Company and Group is recognised in the Executive Chairman's Report.

The Board appointed Barry Irvin as Executive Chairman on 25 June 2008, to provide executive leadership and additional management support whilst Michael Byrnes was on extended sick leave. Since Michael Byrnes's retirement on 31 January 2010 Barry Irvin has continued to hold the most senior management position of the Company as well as being Chairman of the Board.

Following the retirement of Michael Byrnes, the Board commissioned a detailed review to clearly define the role and responsibilities of the most senior management position of the Company and the criteria which should be applied in appointing that role within the Company. This review has involved discussions with the Chairman in his executive capacity as to the needs of the Company, a detailed study, report and presentations to the Board from independent human resources experts, consultation with other corporate and legal advisors familiar with the Company and input from the most senior managers within the business. The Board also obtained advice as to corporate governance issues.

The Board is reviewing the advice it has received and is considering its options as to future management leadership of the Company. Barry Irvin continues to act as Executive Chairman until such time as the Board reaches its final position.

Remuneration of the Executive Chairman

The Constitution of the Company requires that the Board determines the remuneration of executive Directors. On appointing Barry Irvin to the position of Executive Chairman the Board assumed responsibility for determining his remuneration in relation to the 'executive' elements of his additional responsibilities. For each of the years ended 30 June 2009 and 2010 the Board determined that remuneration of the Executive Chairman would be split as to his responsibilities as Chairman of the Board and as to his responsibilities as the most senior executive of the Company.

The Board has taken independent advice in determining the remuneration of the Executive Chairman and excluded the Executive Chairman where appropriate from its deliberations in relation to the remuneration which should be applied.

Responsibilities as Chairman of the Board of Bega Cheese (Non-executive duties)

The remuneration of the Chairman, in his capacity as a Director on the Board with non-executive responsibilities, for each of the years ending 30 June 2009 and 2010 was the amount as approved by the shareholders, being:

Name	Allowance and Period	2010 \$	2009 \$
Barry Irvin	Chairman's Allowance Bega Cheese (1)	52,160	49,892
	Directors' Allowance Bega Cheese (1)	24,963	23,878
	Superannuation on Chairman's Allowance (2)	6,941	6,647
	Total Non-executive related Directors Fees and Superannuation	84,064	80,417

(1) Directors fees include a Directors Allowance, plus an additional allowance as the Chairman. The shareholders of the Company approved a change to the Directors fees (including the Chairman's Allowance) on 31 October 2008. There have not been any changes to the Directors' fees since the 2008 Annual General Meeting.

(2) 9% Superannuation is payable on top of the Chairman's Allowance and Directors Allowance.

The above amounts have been paid to Barry Irvin in each of the relevant years in accordance with the remuneration policy approved by the shareholders and the Board.

29. Remuneration Report (cont.)

Responsibilities as Executive Chairman of the Board (the most senior management position)

In determining the remuneration of the Executive Chairman in relation to the 'executive' elements of Barry Irvin's additional responsibilities, the Board has applied the same principles as has been applied for the Bega Cheese members of the Executive Chairman's Leadership Team.

Responsibilities as Non-Executive Chairman of the Board of Tatura Milk

In addition to his remuneration as Executive Chairman of the Company Barry Irvin is also paid by Tatura Milk a Director's fee and Chairman's allowance for his role as Non-executive Chairman of that entity. The total remuneration of all the Directors of Tatura Milk is specified in its Constitution to not exceed \$225,000 per annum, divided among them equally or in such other proportion as the Directors agree. This maximum amount cannot be increased except at a general meeting.

In accordance with the agreement of the Directors of Tatura Milk as to the split of Director's fees, Barry Irvin is paid \$40,000 per annum (plus superannuation at 9%) by Tatura Milk for his services as Non-executive Chairman of that entity.

General Remuneration Guidelines

The Board and Executive Chairman of the Company are responsible for the remuneration principles and procedures for employees of the Company.

The Tatura Milk Board and Chief Executive Officer ('CEO') are responsible for the remuneration principles and procedures for employees of Tatura Milk.

Whilst the Company controls Tatura Milk, Bega Cheese leaves control of the day to day operations, the human resources function and the specific remuneration strategies to the Board (which is controlled by Bega Cheese nominated Directors) and senior management of Tatura Milk.

The key remuneration guidelines which apply to the Company and Tatura Milk are summarised below.

Remuneration of the Most Senior Executive

The total remuneration and remuneration structure of the most senior executive in each of the trading companies in the Group (ie the Executive Chairman for the Company, and the CEO for Tatura Milk) is approved by the relevant Board (ie the Company Board for its Executive Chairman and the Tatura Milk Board for its CEO). The remuneration for each of these executives is set on an annual basis. The relevant Board seeks information from management, the human resources department and independent experts in assessing the appropriateness of the remuneration to apply for the most senior executive. The relevant Board will also have regard to the general remuneration guidelines in setting the remuneration for the Executive Chairman and the CEO.

Remuneration of the Senior Executive Team Members

The total remuneration and remuneration structure of the Senior Executive Team of the Company and Tatura Milk is reviewed on an annual basis and any changes recommended to the relevant Board by the Executive Chairman and the Tatura Milk CEO respectively. The Board of each of the Company and Tatura Milk is required to approve the remuneration of each Senior Executive and may ask for any additional information it deems necessary in order to form a view as to the reasonableness of the recommendations it receives.

Remuneration of Managers and other Salaried Staff

The total remuneration and remuneration structure of managers other than the Senior Executive Team is reviewed on an annual basis and any changes recommended by that person's direct manager/supervisor. Such recommendations are to be in accordance with guidelines set by the Company and Tatura Milk at the beginning of the annual review process. Where recommendations are to be made outside of the relevant guidelines the Senior Executive Team member ultimately responsible for the relevant staff member is required to approve the recommendation.

The Executive Chairman and General Manager Human Resources are to review the recommendations and approve the remuneration of managers and other salaried staff for the Company.

The Tatura Milk Chairman, Chief Executive Officer and the Human Resources Manager are to review the recommendations and approve the remuneration of managers and other salaried staff for that entity.

29. Remuneration Report (cont.)

Inclusion of 'At Risk' Component to Total Remuneration Package

Members of the Senior Executive Team each have part of their total remuneration 'at risk'. The payment of the 'at risk' component is subject to the actual performance of the individual and the Company against pre-determined financial and non-financial criteria.

The predetermined criteria are reviewed by the Executive Chairman's Leadership Team and Board on an annual basis to ensure they closely align with the specific corporate, leadership and financial objectives of the Company and Group. The Strategic Plan, Business Plans and annual budgets are the key reference points used in setting the predetermined criteria. The Board approves the predetermined criteria each year for each member of the Senior Executive Team.

At the end of each financial year the Executive Chairman calls for reports from the human resources and finance departments as to actual performance against the predetermined criteria. The Executive Chairman also considers the final audited annual report and other factors in formulating a recommendation as to the final outcomes for the at risk component of the remuneration for each member of the Executive Team. A report and recommendation is then submitted to the Board. Board approval is required before the 'at risk' component of the remuneration for each of the Senior Executive Team is paid.

Attracting and Retaining the Right Talent

Each of the major trading entities in the Group recognizes the need to attract and retain the right mix of management talent, experience and expertise. Accordingly, human resources policies and procedures are benchmarked to competitive market conditions and regularly reviewed for relevance to:

- The area of expertise and skills required to run each particular business unit.
- The geographic regions in which the various businesses operate.
- The industry (and sub-set of each industry where relevant) in which the various businesses operate.

Where particular skills are required but which are not readily available within the regions each business operates the Group may also need to respond to global competitive challenges to ensure the best possible skills are recruited.

Benchmarking Remuneration

When recruiting for new or vacant positions each entity in the Group reviews market/segment/skill sets specific data in conjunction with the relevant human resources department to ensure remuneration to be offered is within generally accepted competitive guidelines. Remuneration surveys, detailed data tables collated by human resources experts and guidance from specialist recruitment firms are sought when determining the remuneration package to be offered for new key positions. All new positions or material changes to remuneration for existing vacant positions must first be approved by the General Manager Human Resources and the relevant authorised business unit manager or department head.

For existing employees subject to enterprise agreements this benchmarking process is concentrated around the period leading up to renewal of those agreements and also includes feedback from Unions and other stakeholders subject to the relevant enterprise agreements.

For salaried staff the benchmarking review is usually concentrated around an annual review of remuneration packages and performance to predetermined criteria, and involves a detailed review by the relevant human resources department of any material changes to benchmark data which may need to be taken into account as part of the current years' review.

Annual Salary Review Process

The remuneration of each salary-based employee is reviewed in detail at least once per year and at other times where there has been a material change in job description, roles and/or responsibilities. The annual salary review process is conducted in accordance with a timetable applying a broad scope of pre-determined guidelines including the overall performance of the Company and Group, changes to relevant industry benchmarks and financial and other budget criteria.

The annual review process provides staff the opportunity to gain feedback as to their overall performance, specific performance against predetermined key performance criteria and career development opportunities.

Remuneration Does Not Include Shares or Share Options

Whilst the inclusion of shares and/or share options is commonly used in remuneration strategies for larger companies, particularly listed public companies, the Company and Tatura Milk do not currently include shares or share options as part of their remuneration strategy.

29. Remuneration Report (cont.)

Post-employment Benefits

The Company and Tatura Milk do not currently include post-employment payments or other benefits as part of their remuneration strategy.

Senior Executive Team Remuneration Principles and Procedures

The Company

Each of the Senior Executive Team of the Company is subject to a remuneration package, the structure of which is addressed below:

Total Employment Cost

The Company sets the remuneration of each member of the Senior Executive Team having regard to the total employment cost ("TEC") of that employee to the Company.

The Company and the relevant Senior Executive Team member have some latitude as to how the TEC can be structured so as to meet the needs of the particular executive, so long as all employment, income tax, FBT and other relevant legislation is complied with and the TEC approved through the annual review process is not exceeded.

Base Remuneration

The Base Remuneration for each Senior Executive Team member is determined as part of the annual salary and performance review process and comprises:

- A Base Salary, which is paid monthly.
- Superannuation contributions, ranging from 10% to 15% depending on the salary package agreed with each Senior Executive Team member.

The Base Remuneration is not subject to specific performance or deliverables criteria and is generally considered fixed for the duration of the relevant annual review period.

At Risk Performance-based Remuneration – Executive Chairman's Leadership Team

As members of the Executive Chairman's Leadership Team Barry Irvin, Michael Byrnes (for the relevant period), Maurice Van Ryn and Colin Griffin each participated in the Bega Cheese Leadership Team Short Term Incentive Scheme ("Leadership STI") for the year ended 30 June 2010.

Under the Leadership STI, part of Messrs Irvin's, Byrnes's (for the relevant period), Van Ryn's and Griffin's total remuneration was 'at risk'.

For the financial year ended 30 June 2010 the at risk component of Messrs Irvin's, Byrnes's (for the relevant period), Van Ryn's and Griffin's total remuneration represented 30% of their respective Base Salary.

29. Remuneration Report (cont.)

The predetermined at risk criteria for Messrs Irvin, Byrnes (for the relevant period), Van Ryn and Griffin under the Leadership STI were categorized as follows:

At risk criteria	% of total at risk component (2)
	2010 (1)
Business and profit performance of the Company	0-33%
Corporate development initiatives	0-33%
Cultural and safety performance	0-17%
Customer satisfaction and business development	0-17%

(1) The Leadership STI was introduced from 1 July 2009 and applied for the year ended 30 June 2010

(2) This is a range for the Company

No individual was entitled to more than 100% of their predetermined at risk component (i.e. not more than 30% of their respective Base Salary). The final percentage of at risk payable was subject to the actual performance of the Company against the above pre-determined criteria.

After final assessment of the actual performance of the Company for the year ended 30 June 2010 against the above at risk criteria the Board approved awarding each of Messrs Irvin, Van Ryn and Griffin 75% of their maximum entitlement to the at risk component of their total remuneration (i.e. being 22.5% of their Base Salary, not the maximum possible amount of 30% had all of the at risk criteria been met).

The Board agreed not to award any of the at risk component to Michael Byrnes, given his extended leave of absence leading up to his retirement, but to include a discretionary payment to Michael Byrnes on his resignation in recognition of his extensive contribution to the Company.

At Risk Performance-based Remuneration - Senior Executive Team other than Executive Chairman's Leadership Team

On 1 July 2009 the Company introduced the Bega Cheese Executive Team Short Term Incentive Scheme ("Executive STI") which applied for the year ended 30 June 2010 for each member of the Senior Executive Team, other than those who are also on the Executive Chairman's Leadership Team. This scheme formalized the basis under which bonuses were issued to each qualifying Senior Executives Team member.

Under the Executive STI, part of the total remuneration of each participating Executive is 'at risk'.

For the financial year ended on 30 June 2010 the at risk component of each participating Executive's total remuneration represented 25% of their respective Base Salary. Approximately half of the at risk component was allocated to 'base-line' initiatives and half was allocated to 'stretch-targets' where predetermined criteria require actual performance to exceed expectations and reflect very strong performance.

29. Remuneration Report (cont.)

The predetermined at risk criteria for Senior Executive Team members who participated in the Executive STI were categorised as follows:

At risk criteria	% of total at risk component (2)
	2010 (1)
<i>Base-line</i>	
Profit performance of the Company	0-25%
Profit performance of specified operating divisions	0-13%
Cultural and safety performance	0-25%
Enhanced demand planning procedures	0-13%
Commercial procurement cost reduction initiatives	0-25%
<i>Stretch-targets</i>	
Profit performance of the Company	0-13%
Divisional cost saving and productivity improvement initiatives	0-38%
Commercial procurement cost reduction initiatives	0-13%
Cultural and leadership development	0-38%

(1) The Executive STI was introduced from 1 July 2009 and applied for the year ended 30 June 2010

(2) This is a range for the Company

No individual was entitled to more than 100% of their predetermined at risk component (i.e. not more than 25% of their respective Base Salary). The final percentage of at risk payable to each individual member of the Senior Executive Team was subject to the actual performance of the Company against the above pre-determined criteria as set for that individual.

After final assessment of the actual performance of the Company for the year ended 30 June 2010 against the above at risk criteria the Executive Chairman approved awarding each of the Senior Executive Team between 66% and 85% of their maximum entitlement to the at risk component of their total remuneration (i.e. being between 16% and 21% of their Base Salary, not the maximum possible amount of 25% had all of the at risk criteria been met).

Tatura Milk

Whilst Aidan Coleman is a member of the Executive Chairman's Leadership Team his remuneration is set by the Board of Tatura Milk and paid by that entity. In setting Aidan Coleman's remuneration the Tatura Milk Board applies the General Remuneration Guidelines as set out above.

For the financial year ended 30 June 2009 Aidan Coleman participated in the Tatura Milk CEO's Short Term Incentive Scheme ("TMI CEO STI"). The TMI CEO STI only applied to the CEO with part of Aidan Coleman's total remuneration 'at risk, being a maximum of 40% of his Base Salary. No other senior executive of Tatura Milk had an at risk component to their 2009 total remuneration and no discretionary bonuses were approved by the Board of Tatura Milk.

For the financial year ended 30 June 2010 Aidan Coleman and a number of other senior managers of Tatura Milk participated in the Tatura Milk Short Term Incentive Scheme ("TMI STI"), which set out the at risk criteria for the participating senior managers. Under the TMI STI, the at risk component of Aidan Coleman's total remuneration represented a maximum of 40% of his Base Salary.

29. Remuneration Report (cont.)

The predetermined at risk criteria for Aidan Coleman under the TMI STI were categorized as follows:

At risk criteria	% of total at risk component (2)
	2010 (1)
Cultural and safety performance	0-15%
Customer service and delivery	0-15%
Quality and right first time performance	0-40%
Working capital management and net cash generated	0-30%

(1) The TMI STI was introduced from 1 July 2009 and applied for the year ended 30 June 2010

(2) This is a range for Tatura Milk

Aidan Coleman was not entitled to more than 100% of his predetermined at risk component (i.e. not more than 40% of his Base Salary). The final percentage of at risk payable to Aidan Coleman was subject to the actual performance of Tatura Milk against the above pre-determined criteria.

After final assessment of the actual performance of Tatura Milk for the year ended 30 June 2010 against the above at risk criteria the Tatura Milk Chairman approved awarding Aidan Coleman 83% of his maximum entitlement to the at risk component of his total remuneration (i.e. 33% of his Base Salary, not the maximum possible amount of 40% had all of the at risk criteria been met).

29. Remuneration Report (cont.)

Remuneration Outcomes for the Executive Chairman's Leadership Team

The remuneration outcome for the five highest paid executives of the Company and Group, which includes the key management personnel, together with the remuneration of each non-executive Director for each of the years ended 30 June was as follows:

	Year	Cash salary	STI entitlements	Non-monetary benefits (1)	Other entitlements	Super-annuation	Long service leave (6)	Total remuneration
		\$	\$	\$	\$	\$	\$	\$
Executive Chairman								
Barry Irvin	2010	372,072	71,560	-	117,123 (2)	19,571	4,165	584,491
	2009	256,964	-	-	113,770 (2)	19,266	3,036	393,036
Executives								
Michael Byrnes (3)	2010	195,250	-	29,700	230,880 (4)	34,962	(5,887)	484,905
	2009	324,595	42,327	29,700	-	61,597	20,975	479,194
Aidan Coleman (11)	2010	373,942	147,628	20,000	-	50,000	8,392	599,962
	2009	307,702	52,863	20,000	-	58,726	2,551	441,842
Maurice Van Ryn	2010	191,753	42,416	24,800	-	19,133	6,051	284,153
	2009	173,195	54,400	25,400	-	15,607	6,601	275,203
Colin Griffin	2010	274,110	51,878	24,800	-	22,802	30,511	404,101
	2009	256,373	74,115	25,400	69,706 (5)	48,458	3,711	477,763
Grattan Smith (10)	2010	156,923	29,000	14,800	-	23,467	11,579	235,769
	2009	135,673	30,000	14,800	-	23,480	3,334	207,287
Non-Executive Directors (7)								
Maxwell Roberts	2010	-	-	-	40,457 (8)	3,641	-	44,098
	2009	-	-	-	36,049 (8)	3,244	-	39,293
Richard Parbery	2010	-	-	-	46,964 (8)	4,226	-	51,190
	2009	-	-	-	45,318 (8)	4,078	-	49,396
Thomas D'Arcy	2010	-	-	-	33,698 (9)	3,032	-	36,730
	2009	-	-	-	32,594 (9)	2,933	-	35,527
Richard Platts	2010	-	-	-	35,222 (9)	3,170	-	38,392
	2009	-	-	-	26,151 (9)	2,353	-	28,504

(1) Includes car allowances, FBT allowance and professional memberships

(2) Remuneration for Non-executive Chairman responsibilities from both the Company and Tatura Milk, before superannuation benefits

(3) Retired 31 January 2010

(4) Special discretionary bonus approved by the Board for years of service on retirement

(5) One-off special bonus approved by the Board for corporate achievements during 2009

(6) The movement in present value of LSL accrual during the relevant year

29. Remuneration Report (cont.)

- (7) Remuneration of Directors of the Company for non-executive duties is disclosed under 'Other Payments' is set by the shareholders and any changes are subject to approval by ordinary resolution at a general meeting. The current remuneration of Directors was set at the October 2008 Annual General Meeting, being:

Chairman's Allowance	\$52,160	(in addition to Director's Allowance)
Deputy Chairman's Allowance	\$9,229	(in addition to Director's Allowance)
Director's Allowance	\$24,963	
Full day sitting fee	\$628	
Half day sitting fee	\$374	

Superannuation is also paid to Directors at the rate of 9% of Allowances and sitting fees

- (8) Includes Deputy Chairman's Allowance, Director's Allowance and sitting fees
- (9) Includes Director's Allowance and sitting fees
- (10) Included in the remuneration table as one of the top five paid executives of the Company, with Grattan Smith being awarded to 72% of his maximum entitlement to the at risk component of his total remuneration (i.e. 18% of his Base Salary, not the maximum possible amount of 25% had all of the at risk criteria been met)
- (11) Included in the remuneration table as one of the top five paid executives of the Group

30. Notes to the Cash Flow Statement

For the purpose of the cash flow statement, cash includes cash on hand, in banks and investments in money market instruments, net of outstanding bank overdrafts.

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
a. Reconciliation of cash and cash equivalents				
Cash	18,169	21,963	9,254	15,671
Total	18,169	21,963	9,254	15,671
b. Financing facilities				
Amount used	130,568	163,934	98,900	118,000
Amount unused	71,827	72,006	24,200	24,400
Total	202,395	235,940	123,100	142,400

30. Notes to the Cash Flow Statement (cont.)

	Consolidated		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
c. Reconciliation of profit for the period to net cash flows from operating activities				
Profit after income tax	23,267	9,330	7,307	17,477
Adjustments for non-cash items				
Depreciation of non-current assets	20,636	16,056	13,488	9,128
Gain on acquisition of business	-	(8,730)	-	(8,730)
Impairment of goodwill	-	3,615	-	3,615
Loss/(profit) on sale of property, plant and equipment	133	(585)	324	63
investments	(205)	(2,675)	(205)	(2,675)
Interest income received and receivable	(438)	(499)	(230)	(231)
Change in value of derivatives	(2,741)	124	(13)	124
Interest payable on leases	83	208	-	-
Dividend receivable	-	(664)	(859)	(4,341)
Discount on deferred consideration	382	681	382	681
Charges in provisions for doubtful debts	(269)	115	(217)	228
Changes in provision for stock obsolescence	1,365	500	551	500
Changes in net assets and liabilities: net of effects from acquisitions				
(Increase)/decrease in assets:				
Trade and other debtors and GST recoverable	5,894	(18,949)	(872)	(17,974)
Inventories	(19,838)	23,528	159	(5,998)
Prepayments	139	1,406	94	1,288
Increase/(decrease) in liabilities:				
Trade creditors	11,867	(8,392)	(1,224)	(938)
Accrued expenses and sundry creditors	12,844	(6,149)	8,780	3,325
Increase/(decrease) in other tax balances	(2,881)	2,675	1,207	3,587
Changes in provisions	2,980	570	2,805	168
Net cash flow from operating activities	53,218	12,165	31,477	(703)