



**ASX ANNOUNCEMENT**  
**RECEIPT OF ATO POSITION PAPER**

On 4 March 2014 Tatura Milk Industries Limited (TMI), a wholly owned subsidiary of Bega Cheese Limited, received an audit position paper (Position Paper) from the Australian Taxation Office (ATO). This Position Paper relates to the issue of whether TMI was a co-operative company for income tax purposes in the 2009, 2010 and 2011 tax years.

The ATO has expressed the view that TMI was not a co-operative company within the meaning of Division 9 of Part III of the Income Tax Assessment Act 1936 (Act) and that deductions claimed by TMI for dividends paid and loan repayments made pursuant to section 120(1) of the Act in the relevant years (Deductions) are not allowable. The ATO has calculated that this disallowance of the Deductions would result in TMI having additional tax payable of \$13,341,324. The ATO has indicated that it has not finalised its position on the application of further interest or penalties.

TMI has until 31 March 2014 to make further submissions in relation to the Position Paper.

TMI believes that it did qualify as a co-operative company within the meaning of Division 9 of the Act in the relevant years and accordingly that the Deductions were allowable under the Act. TMI proposes to make further submissions to ATO on this issue before 31 March 2014. ATO has indicated that if its conclusions set out in the Position Paper are unaffected by TMI's further submissions, it will amend TMI's tax assessments for the relevant years. If ATO issues amended assessments, Bega Cheese and TMI will consider further action to protect the interests of Bega Cheese shareholders.

5 March 2014

---

For further information please contact

Brett Kelly

Company Secretary

Bega Cheese Limited

ABN 81 008 358 503

[www.begacheese.com.au](http://www.begacheese.com.au)

02 6491 7777