

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

The a2 Milk Company Limited
For the year ended 30 June 2015

Preliminary full year (12 month) report on consolidated results (including the results for the previous corresponding full year) in accordance with Listing Rule 10.3.2.

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

The audit of the 2015 Annual Report is currently in progress.

Prior year annual figures have been updated to reflect the reported audited position as at 30 June 2014.

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

	Consolidated Statement		
	Financial Performance		
1 CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	Current Full Year NZ\$'000	Up/Down %	Previous corresponding Full Year NZ\$'000
1.1 OPERATING REVENUE			
(a) Trading Revenue	154,803	39.9%	110,621
(b) Other Revenue	306	36.6%	224
(c) Total Operating Revenue	155,109	39.9%	110,845
1.2 OPERATING SURPLUS (DEFICIT) BEFORE TAXATION	1,281	77.9%	720
(a) Less taxation on operating result	3,372	374.9%	710
1.3 OPERATING SURPLUS (DEFICIT) AFTER TAX	(2,091)	(21010.0%)	10
(a) Extraordinary Items after Tax [detail in Item 3]	nil		nil
(b) Unrealised net change in value of investment properties	nil		nil
1.4 NET SURPLUS (DEFICIT) FOR THE YEAR	(2,091)	(21010.0%)	10
(a) Net Surplus (Deficit) attributable to minority interests	nil		nil
1.5 NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	(2,091)	(21010.0%)	10

	Consolidated Statement of	
	Financial Performance	
2 DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/ EXPENSES FOR FULL YEAR	Current Full Year NZ\$'000	Previous corresponding Full Year NZ\$'000
2.1 INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		
(a) Interest revenue	150	455
(b) Unusual items for separate disclosure gain/(loss) (detail - Item 3)	(1,681)	nil
(c) Equity earnings (gain/loss) (detail - Item 16)	nil	(1,361)
(d) Interest expense included in Item 1.2 (include all forms of interest, etc)	(49)	(40)
(e) Leasing and renting expenses	(690)	(576)
(f) Depreciation	(1,174)	(1,064)
(g) Diminution in the value of assets (other than depreciation)	nil	nil
(h) Amortisation of goodwill	nil	nil
(i) Amortisation of other intangible assets	(775)	(836)
(j) Impairment of goodwill	nil	nil
(k) Impairment of other intangible assets	nil	nil

2.2 SUPPLEMENTARY ITEMS

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

Consolidated Statement of Financial Performance	
Current Full Year NZ\$'000	Previous corresponding Full Year NZ\$'000
nil	nil
(2,632)	(2,042)
nil	nil

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

Group

DETAILS AND COMMENTS

Discontinued Activities

TOTAL DISCONTINUED ACTIVITIES

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

Description:

Net settlement proceeds from a former licensee

Settlement proceeds

Less expenses incurred

Other Material Non Recurring Items

Costs associated with ASX Listing

TOTAL MATERIAL NON RECURRING ITEMS

Extraordinary Items (Ref. Item 1.3(a))

Description:

TOTAL EXTRAORDINARY ITEMS

Current Full Year NZ\$'000	Previous corresponding Full Year NZ\$'000
nil	nil
nil	nil
nil	nil
nil	nil
nil	nil
nil	nil
nil	nil
nil	nil
(1,681)	nil
(1,681)	nil
nil	nil
nil	nil
nil	nil
nil	nil

Statement of Movements In Equity

4 STATEMENT OF MOVEMENTS IN EQUITY

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

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

4.2 OTHER RECOGNISED REVENUE AND EXPENSES

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

4.3 TOTAL RECOGNISED REVENUES AND EXPENSES

4.4 OTHER MOVEMENTS

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

4.5 EQUITY AT BEGINNING OF FULL YEAR

4.6 EQUITY AT END OF FULL YEAR

Current Full Year NZ\$'000	Previous corresponding Full Year NZ\$'000
(2,091)	10
nil	nil
nil	nil
954	(4,497)
nil	nil
(1,137)	(4,487)
39	2,011
nil	nil
1,083	1,190
58,644	59,930
58,629	58,644

5 EARNINGS PER SECURITY	Earnings Per Security	
	Current Full Year cents per share	Previous corresponding Full Year cents per share
Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share		
(a) Basic EPS	(0.33)	nil
(b) Diluted EPS	(0.32)	nil

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES:	
(a) Name of subsidiary or group of subsidiaries	n/a
(b) Percentage of ownership acquired
(c) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)
(d) Date from which such contribution has been calculated
(a) Name of subsidiary or group of subsidiaries	n/a
(b) Percentage of ownership acquired
(c) Contribution to consolidated net Surplus (Deficit) (Item 1.4)
(d) Date from which such contribution has been calculated

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

8 REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS

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

SEGMENTS

Industry

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

Geographical

-----please refer to attachment-----

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

Consolidated Statement of Financial Position			
9 CURRENT ASSETS:	At end of current Full Year NZ\$'000	As shown in last Annual Report NZ\$'000	If half yearly as shown in last half yearly report NZ\$'000
(a) Cash	6,092	15,979	
(b) Trade receivables	39,944	27,358	
(c) Investments	nil	nil	
(d) Inventories	4,846	5,583	
(e) Other assets, current	9,651	2,217	
TOTAL CURRENT ASSETS	60,533	51,137	
9.1 NON-CURRENT ASSETS			
(a) Trade receivables	nil	nil	
(b) Other receivables	nil	nil	
(c) Investments	nil	nil	
(d) Inventories	nil	nil	
(e) Property, plant and equipment	9,301	9,163	
(f) Goodwill	10,993	10,587	
(g) Other Intangible Assets	6,230	4,194	
(h) Other assets, non current	nil	nil	
(i) Deferred Taxation Assets	1,810	1,562	
9.2 TOTAL NON-CURRENT ASSETS	28,334	25,506	
9.3 TOTAL ASSETS	88,867	76,643	
9.4 CURRENT LIABILITIES			
(a) Trade Creditors	26,926	16,718	
(b) Income in advance, current	nil	nil	
(c) Secured loans	nil	nil	
(d) Unsecured loans	nil	nil	
(e) Provisions, current	nil	nil	
(f) Income Tax Liability	595	nil	
(g) Other liabilities, current	1,431	1,157	
TOTAL CURRENT LIABILITIES	28,952	17,875	
9.5 NON-CURRENT LIABILITIES			
(a) Accounts payable, non-current	189	124	
(b) Secured loans	nil	nil	
(c) Unsecured loans	nil	nil	
(d) Provisions, non-current	nil	nil	
(e) Deferred Taxation Liability, non-current	1,097	nil	
(f) Other liabilities, non-current	nil	nil	
9.6 TOTAL NON-CURRENT LIABILITIES	1,286	124	
9.7 TOTAL LIABILITIES	30,238	17,999	
9.8 NET ASSETS	58,629	58,644	
9.8(a) NET TANGIBLE ASSETS	41,406	43,863	
9.9 SHAREHOLDERS' EQUITY			
(a) Share capital (optional)	86,303	86,264	
(b) Reserves (optional)	nil	nil	
(i) Revaluation reserve	(1,608)	(3,646)	
(ii) Other reserves	(26,066)	(23,974)	
(c) Retained Surplus (accumulated Deficit) (optional)	(26,066)	(23,974)	
9.10 SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	58,629	58,644	
(a) Minority equity interests in subsidiaries	nil	nil	
9.1 TOTAL SHAREHOLDERS' EQUITY	58,629	58,644	
(a) Return on Assets (%) (EBIT divided by Total Assets)	1.3%	0.4%	
(b) Return on Equity (%) (Net Income divided by Shareholders' Equity)	nil	nil	
(c) Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)	51.6%	30.7%	

10.0 CASH FLOWS RELATING TO OPERATING ACTIVITIES	Consolidated Statement of cashflows for *full year	
	Current Full Year NZ\$'000	Corresponding Full Year NZ\$'000
(a) Receipts from customers	144,708	107,446
(b) Interest received	150	403
(c) Dividends received	nil	nil
(d) Payments to suppliers and employees	(150,633)	(106,699)
(e) Interest paid	(49)	(40)
(f) Income taxes paid/refunds received	(2,548)	(899)
(g) Other cash flows relating to operating activities	306	224
NET OPERATING FLOWS	(8,066)	435

11.0 CASH FLOWS RELATING TO INVESTING ACTIVITIES		
(a) Cash proceeds from sale of property, plant and equipment	nil	nil
(b) Cash proceeds from sale of equity investments	nil	nil
(c) Loans repaid by other entities	nil	nil
(d) Cash paid for purchases of property, plant and equipment	(995)	(871)
(e) Interest paid - capitalised	nil	nil
(f) Cash paid for purchases of equity investments	nil	nil
(g) Loans to other entities	nil	nil
(h) Acquisition of subsidiaries	nil	nil
(i) Investment in intangible assets	(2,632)	(2,042)
(j) Investment in associates	nil	(4,574)
(k) Other cash flows relating to investing activities	nil	nil
NET INVESTING CASH FLOWS	(3,627)	(7,487)

12.0 CASH FLOWS RELATED TO FINANCING ACTIVITIES		
(a) Cash proceeds from issue of shares, options, etc.	39	2,011
(b) Borrowings	nil	nil
(c) Repayment of borrowings	nil	nil
(d) Dividends paid	nil	nil
(e) Other cash flows relating to financing activities	nil	nil
NET FINANCING CASH FLOWS	39	2,011

13.0 NET INCREASE (DECREASE IN CASH HELD)		
(a) Cash at beginning of *full year	15,979	20,187
(b) Exchange rate adjustments to Item 13.0(a) above	1,767	(605)
(c) Cash acquired with The a2 Milk Company Limited (UK)	nil	1,438
(d) CASH AT END OF FULL YEAR	6,092	15,979

14.0 NON-CASH FINANCING AND INVESTING ACTIVITIES
Provide details of financing and investing transactions which have had a material effect on group assets and liabilities but did not involve cash flows:
n/a

15.0 RECONCILIATION OF CASH	Current Full Year NZ\$'000	Previous Corresponding Full Year NZ\$'000
For the purposes of the above Statement of cash flows, cash includes:		
Cash at the end of the full year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:		
Cash on hand and at bank	6,092	15,979
Deposits at call	nil	nil
Short term deposits (less than 60 days)	nil	nil
Total = Cash at End of Full Year (Item 13(d) above)	6,092	15,979

16.0 EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES

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

16.1 GROUP SHARE OF RESULTS OF ASSOCIATES

	Equity Earnings	
	Current Full Year NZ\$'000	Previous corresponding Full Year NZ\$'000
(a) OPERATING SURPLUS (DEFICIT) BEFORE TAX	nil	(1,361)
(b) Less tax	nil	nil
(c) OPERATING SURPLUS (DEFICIT) AFTER TAX	nil	(1,361)
(i) Extraordinary items (future income tax benefits)	nil	nil
(d) NET SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX	nil	(1,361)

16.2 MATERIAL INTERESTS IN CORPORATIONS NOT BEING SUBSIDIARIES

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

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

(b) Investments/Non Current Receivables in Associates

	Current Full Year NZ\$'000	Previous Corresponding Full Year NZ\$'000
Carrying value of investments in associates beginning of full year	nil	377
Share of changes in associates' post acquisition surpluses/and reserves:		
- Advances	n/a	4,574
- Retained surplus	n/a	(1,361)
- Reserves	nil	nil
Net goodwill amortisation and impairment adjustments in the period	nil	nil
Less Dividends received in the period	nil	nil
Less: Fair Value of acquisition of associates	nil	nil
Less: Transferred to subsidiary following acquisition	nil	(3,590)
Equity carrying value of investments/receivables at the end of full year	nil	nil
Amount of goodwill included in carrying value at end of that full year	nil	nil

17.0 ISSUED AND QUOTED SECURITIES AT END OF CURRENT FULL YEAR

Category of Securities	Number Issued
PREFERENCE SHARES:	
# (Description)	n/a
Issued during current full year	n/a
ORDINARY SHARES:	
Fully Paid shares:	
Issued during year	
(excludes PPS paid up and transferred to FPS - see below)	
Partly Paid shares:	
Issued during year	
Paid up and transferred to Fully Paid Shares	260,000
SHARE OPTIONS	
Issued during year	5,000,000
Exercised during year	
CONVERTIBLE NOTES	
# (Description)	n/a
Issued during current *full year	
Issued during current *full year	
DEBENTURES - Totals only:	
UNSECURED NOTES - Totals only:	
OTHER SECURITIES	

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

18.0 COMMENTS BY DIRECTORS

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

- (a) Material factors affecting the revenues and expenses of the group for the current year
refer attached commentary
- (b) Significant trends or events since end of current full year
 - 1/ Conversion of 6,000,000 partly paid shares (PPS) to fully paid shares by G Babidge (Managing Director and CEO) on 24 July 2015
 - 2/ Grant of awards to senior management on 17 August 2015, comprising the issue of 15 million options and 1.6 million performance rights
 - 3/ Refer attached commentary for further information
- (c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed
N/a
- (d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain
 - 1/Assessment of impairment of goodwill and intangibles
 - 2/Capitalisation of intangible assets
 - 3/Estimation of fair value of share based payments
 - 4/Assessment of recognition of deferred tax on temporary differences and tax losses
- (e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty
refer attached commentary
- (f) Other comments
The movement in other current assets for the year is primarily attributable to prepayments to the Company's supplier of infant formula

19 DIVIDEND

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

20 NET TANGIBLE ASSETS PER SECURITY

	FY2015	FY2014
Net tangible assets (NZ\$'000)	41,406	43,863
Number of ordinary securities on issue (#)	660,066,979	660,066,979
Net tangible assets per security (NZ\$)	0.06	0.07

21 ANNUAL MEETING (if full year report)

- (a) To be held at :
The offices of Simpson Grierson, Level 27, 88 Shortland Street, Auckland City
- (b) Date: 17 November 2015 Time: 11:30am
- (c) Approximate date of availability of Annual Report: 30 September 2015

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



(signed by) Authorised Officer of Listed Issuer

19 August 2015

(date)

THE A2 MILK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

OPERATING SEGMENT INFORMATION

Continuing operations	Segment Revenue		Segment EBITDA ¹	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Australia and New Zealand	149,097	106,866	5,724	4,517
China and other Asia	4,044	2,745	1,774	(1,777)
UK and USA	1,929	1,108	(7,653)	(2,178)
Corporate and other	39	126	3,284	3,004
	155,109	110,845	3,129	3,566
Interest Income			150	455
Interest Expense			(49)	(40)
Share of losses from associates/jv			-	(1,361)
Depreciation and amortisation			(1,949)	(1,900)
Income tax expense			(3,372)	(710)
Consolidated segment (loss)/profit			(2,091)	10

Over 67% of milk and infant formula sales come from three customers. (2014: over 86% from three customers)

	Depreciation & Amortisation		Additions to Non-Current Assets	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Australia and New Zealand	1,155	1,234	288	1,057
China and other Asia	393	-	4	-
UK and USA	172	8	2,680	-
Corporate and other	229	658	654	1,856
	1,949	1,900	3,626	2,913

	Assets		Liabilities	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Australia and New Zealand	47,969	45,172	14,691	9,354
China and other Asia	18,372	10,355	8,522	4,356
UK and USA	6,412	1,922	3,818	1,717
Corporate and other	16,114	19,194	3,207	2,572
	88,867	76,643	30,238	17,999

Change in segment categories from prior period

The above reportable operating segments have been changed from the prior year in keeping with the way the chief operating decision maker reviews performance and manages the affairs of the Group.

Prior year comparatives have been adjusted for consistency to reflect the segment categories as outlined above.

¹Segment EBITDA for 2015 includes non-recurring ASX listing costs of \$1,681,000