

A2 Corporation Limited		
Results for announcement to the market		
Reporting Period	12 months 1 July 2012 to 30 June 2013	
Previous Reporting Period	12 months 1 July 2011 to 30 June 2012	
	Amount (000s)	Percentage change
Revenue from ordinary activities	\$NZ 94,304	+51.0%
Profit (loss) from ordinary activities after tax attributable to security holder.	\$NZ 4,120	-6.5%
Net profit (loss) attributable to security holders.	\$NZ 4,120	-6.5%
Interim/Final Dividend	Amount per security	Imputed amount per security
N/A	N/A	N/A
Record Date	N/A	
Dividend Payment Date	N/A	
Comments:	See accompanying announcement	

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

A2 CORPORATION LIMITED

For the year ended 30 June 2013

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

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

The audit of the 2013 Annual Report is currently in progress.

Prior year annual figures have been updated to reflect the reported audited position as at 30 June 2012.

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

[PLEASE REFER TO ATTACHED NOTES WHEN COMPLETING THIS FORM]

		*Consolidated Statement		
		Financial Performance		
1 CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		Current Full Year \$NZ'000	*Up/Down %	Previous corresponding Full Year \$NZ'000
1.1 OPERATING REVENUE				
(a) Trading Revenue		94,304	51.0%	62,458
(b) Other Revenue		658	(62.7%)	1,766
(c) Total Operating Revenue		94,962	47.9%	64,224
1.2 OPERATING *SURPLUS (DEFICIT) BEFORE TAXATION		5,164	25.4%	4,118
(a) Less taxation on operating result		1,044	(463.8%)	(287)
1.3 OPERATING *SURPLUS (DEFICIT) AFTER TAX		4,120	(6.5%)	4,405
(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		4,120	(6.5%)	4,405
(a) Net *Surplus (Deficit) attributable to minority interests		nil		nil
1.5 NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER		4,120	(6.5%)	4,405

		*Consolidated Statement of	
		Financial Performance	
2 DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/ EXPENSES FOR FULL YEAR		Current Full Year \$NZ'000	Previous corresponding Full Year \$NZ'000
2.1 INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE			
(a) Interest revenue included in Item 1.1(b)		288	177
(b) Unusual items for separate disclosure gain/(loss) (detail - Item 3)		(824)	642
(c) Equity earnings (gain/loss) (detail - Item 16)		(3,719)	(743)
(d) Interest expense included in Item 1.2 (include all forms of interest, etc)		(114)	(199)
(e) Leasing and renting expenses		(170)	(175)
(f) Depreciation		(1,035)	(374)
(g) Diminution in the value of assets (other than depreciation)		nil	nil
(h) Amortisation of goodwill		nil	nil
(i) Amortisation of other intangible assets		(72)	(59)
(j) Impairment of goodwill		nil	nil
(k) Impairment of other intangible assets		nil	nil

2.2 SUPPLEMENTARY ITEMS

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

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

Consolidated Statement of Financial Performance	
Current Full Year \$NZ'000	Previous corresponding Full Year \$NZ'000
nil	(32)
(2,071)	(878)
nil	nil

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

Group - Current Full Year

DETAILS AND COMMENTS

Discontinued Activities

TOTAL DISCONTINUED ACTIVITIES

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

Description:

Net settlement proceeds from a former licensee

Settlement proceeds

Less expenses incurred

Other Material Non Recurring Items

Costs associated with group strategic review

Due diligence costs regarding A2DP investment

TOTAL MATERIAL NON RECURRING ITEMS

Extraordinary Items (Ref. Item 1.3(a))

Description:

TOTAL EXTRAORDINARY ITEMS

	Operating Revenue \$NZ'000	Operating Surplus \$NZ'000
	nil	nil
	nil	nil
	nil	nil
	nil	1,429
	nil	(328)
	(824)	(522)
	nil	63
	(824)	642
	nil	nil

4 STATEMENT OF MOVEMENTS IN EQUITY

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
	4,120	4,405
	nil	nil
	nil	nil
	(2,316)	(182)
	nil	nil
	1,804	4,223
	20,499	7,691
	nil	nil
	279	251
	37,348	25,183
	59,930	37,348

5 EARNINGS PER SECURITY	Earnings Per Security	
	Current Full Year \$NZ'000	Previous corresponding Full Year \$NZ'000
Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share		
(a) Basic EPS	0.70	0.80
(b) Diluted EPS (if materially different from (a))	0.66	0.74

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES (See Note (VII) attached):	
(a) Name of subsidiary or group of subsidiaries	.....
(b) Percentage of ownership acquired	..... n/a
(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 (See Note (VII) attached)	
(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 SSAP:23: Financial Reporting for 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)

(Note (VIII) attached has particular relevance for the preparation)	Consolidated Statement of Financial Position		
	At end of current Full Year \$NZ'000	As shown in last Annual Report \$NZ'000	If half yearly as shown in last half yearly report \$NZ'000
9 CURRENT ASSETS:			
(a) Cash	20,187	6,568	
(b) Trade receivables	24,375	17,189	
(c) Investments	nil	nil	
(d) Inventories	742	677	
(e) Other assets, current	2,399	481	
TOTAL CURRENT ASSETS	47,703	24,915	
9.1 NON-CURRENT ASSETS			
(a) Trade receivables	nil	nil	
(b) Other receivables	377	nil	
(c) Investments	nil	1,582	
(d) Inventories	nil	nil	
(e) Property, plant and equipment	10,290	10,991	
(f) Goodwill	9,370	10,055	
(g) Other Intangible Assets	3,036	1,037	
(h) Other assets, non current		6	
(i) Deferred Taxation Assets	1,628	1,086	
9.2 TOTAL NON-CURRENT ASSETS	24,701	24,757	
9.3 TOTAL ASSETS	72,404	49,672	
9.4 CURRENT LIABILITIES			
(a) Trade Creditors	7,150	3,916	
(b) Income in advance, current	nil	nil	
(c) Secured loans	nil	4,414	
(d) Unsecured loans	nil	nil	
(e) Provisions, current	4,086	3,309	
(f) Income Tax Liability	301	638	
(g) Other liabilities, current	857	11	
TOTAL CURRENT LIABILITIES	12,394	12,288	
9.5 NON-CURRENT LIABILITIES			
(a) Accounts payable, non-current	80	nil	
(b) Secured loans	nil	nil	
(c) Unsecured loans	nil	nil	
(d) Provisions, non-current	nil	nil	
(e) Deferred Taxation Liability, non-current	nil	nil	
(f) Other liabilities, non-current	nil	36	
9.6 TOTAL NON-CURRENT LIABILITIES	80	36	
9.7 TOTAL LIABILITIES	12,474	12,324	
9.8 NET ASSETS	59,930	37,348	
9.8(a) NET TANGIBLE ASSETS	47,524	26,256	
9.9 SHAREHOLDERS' EQUITY			
(a) Share capital (optional)	84,253	63,754	
(b) Reserves (optional)	nil	nil	
(i) Revaluation reserve			
(ii) Other reserves	(465)	1,698	
(c) Retained Surplus (accumulated Deficit) (optional)	(23,858)	(28,104)	
9.10 SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	59,930	37,348	
(a) Minority equity interests in subsidiaries	nil	nil	
9.1 TOTAL SHAREHOLDERS' EQUITY	59,930	37,348	
(a) Returns on Assets (%) (EBIT divided by Total Assets)	7.3%	8.7%	
(b) Return on Equity (%) (Net Income divided by Shareholders' Equity)	6.9%	11.8%	
(c) Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)	20.8%	33.0%	

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	86,502	56,948
(b) Interest received	274	177
(c) Dividends received	nil	nil
(d) Payments to suppliers and employees	(82,932)	(57,663)
(e) Interest paid	(100)	(199)
(f) Income taxes paid/refunds received	(322)	(755)
(g) Other cash flows relating to operating activities	225	1,580
NET OPERATING FLOWS	3,647	88

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	(1,245)	(9,253)
(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	(2,071)	(878)
(j) Investment in associates	(2,514)	(2,301)
(k) Other cash flows relating to investing activities	nil	nil
NET INVESTING CASH FLOWS	(5,830)	(12,432)

12.0 CASH FLOWS RELATED TO FINANCING ACTIVITIES		
(a) Cash proceeds from issue of shares, options, etc.	20,483	7,691
(b) Borrowings		3,793
(c) Repayment of borrowings	(4,414)	nil
(d) Dividends paid	nil	nil
(e) Other cash flows relating to financing activities	(47)	(9)
(h) Acquisition of subsidiaries	nil	nil
NET FINANCING CASH FLOWS	16,022	11,475

13.0 NET INCREASE (DECREASE IN CASH HELD)		
(a) Cash at beginning of *full year	6,568	7,467
(b) Exchange rate adjustments to Item 12.3(a) above	(220)	(30)
(c) CASH AT END OF *FULL YEAR	20,187	6,568

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:

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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 *half year/full year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:		
Cash on hand and at bank	10,187	1,852
Deposits at call	nil	nil
Short term deposits (less than 60 days)	10,000	4,716
Total = Cash at End of *Full Year (Item 13(c) above)	20,187	6,568

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 FRS-38 Accounting for Investments in Associates).

16.1 GROUP SHARE OF RESULTS OF ASSOCIATES

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

Equity Earnings	
Current Full Year \$NZ'000	Previous corresponding Full Year \$NZ'000
(3,719)	(743)
nil	nil
(3,719)	(743)
nil	nil
(3,719)	(743)

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				
<u>A2 Milk (UK) Limited</u> Share of associate profits/ (losses) The company was formed in November 2011.The prior year trading result is for a 7 month period.	50.0%	50.0%	(3,719)	(743)
			(3,719)	(743)
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	1,582	nil
Share of changes in associates' post acquisition surpluses/and reserves:		
- Advances	2,514	2,325
- Retained surplus	(3,719)	(743)
- 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
Equity carrying value of investments/receivables at the end of full year	377	1,582
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	\$ value
PREFERENCE SHARES:		
# (Description)		
Issued during current *full year	n/a	
ORDINARY SHARES:		
Fully Paid shares:		
Issued during year	56,157,921	\$ 20,000,000
(excludes PPS paid up and transferred to FPS - see below)		
Partly Paid shares:		
Issued during year	nil	nil
Paid up and transferred to Fully Paid Shares	15,657,921	\$ 1,598,688
CONVERTIBLE NOTES		
# (Description)		
Issued during current *full year	n/a	
Issued during current *full year	n/a	
DEBENTURES - Totals only:	\$	
UNSECURED NOTES - Totals only:	\$	
OTHER SECURITIES	\$	\$

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

18.0 COMMENTS BY DIRECTORS

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

(a) Material factors affecting the revenues and expenses of the group for the current year
refer attached commentary

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

As part of the consideration to acquire the remaining 50% holding in A2 Dairy Products Australia Pty Ltd (A2DP) from Freedom Foods Group Ltd (FFG) during the 2011 year, FFG received certain anti-dilution protections.

In August 2013, the Company and FFG agreed to modify the arrangements with a view to simplification and certainty such that:

1/ FFG would be allowed to pay up its partly paid ordinary shares at any time prior to 31 March 2014, regardless of whether

the relevant Company executives pay up their partly paid ordinary shares;

2/ The Company would issue 400,000 new fully paid ordinary voting shares; and

3/ FFG would forego all remaining anti-dilution rights in relation to the Company.

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

Nil

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

1/Estimating the carrying value of subsidiaries

2/Assessment of impairment of indefinite life intangibles

3/Estimation of fair value of share based payments

4/Recognition of deferred tax

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

refer attached commentary

(f) Other comments

refer attached commentary

19 DIVIDEND

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

n/a

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

n/a

A2 CORPORATION LIMITED
OPERATING SEGMENT INFORMATION
For the Year Ended 30 June 2013

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

	Segment Revenue		Segment Profit	
	2013	2012	2013	2012
Continuing operations				
Australia	92,450	62,605	3,627	3,945
New Zealand	2,224	1,442	6,625	1,227
United Kingdom	-	-	(207)	-
Adjustments and eliminations	-	-	(229)	144
	<u>\$94,674</u>	<u>\$64,047</u>	<u>\$9,816</u>	<u>\$5,316</u>
Interest income			288	177
Interest expense			(114)	(199)
Share of losses from associates/joint ventures			(3,719)	(743)
Depreciation and amortisation			(1,107)	(433)
Income tax income/(expense)			(1,044)	287
Consolidated segment profit/(loss)			<u>\$4,120</u>	<u>\$4,405</u>

Over 90% of milk and infant formula sales come from three customers. (2012: 97% from three customers)

	Depreciation & Amortisation		Additions to Non-Current Assets	
	2013	2012	2013	2012
Australia	1,070	408	1,232	11,411
New Zealand	37	25	13	12
	<u>\$1,107</u>	<u>\$433</u>	<u>\$1,245</u>	<u>\$11,423</u>

	Assets		Liabilities	
	2013	2012	2013	2012
Australia	72,134	52,910	43,940	39,750
New Zealand	64,119	35,695	3,588	1,783
United Kingdom	499	1,726	5,090	2,445
Adjustments and eliminations	(64,348)	(40,659)	(40,144)	(31,654)
	<u>\$72,404</u>	<u>\$49,672</u>	<u>\$12,474</u>	<u>\$12,324</u>