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Form 388
Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

A.C.N. 166 119 133 PTY LTD

ACN

166 119 133

Reason for lodgement of statement and reports

A large proprietary company that is not a disclosing entity

Dates on which financial year ends

Financial year end date
31-03-2022

Details of large proprietary company

What is the consolidated revenue of the large proprietary company and the entities that it controls?
2764536000

What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?
2904041000

How many employees are employed by the large proprietary company and the entities that it controls?
2890

How many members does the large proprietary company have?
1

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Appointment of an auditor

Date of appointment **15-11-2021**

Business Name **KPMG**

Address

Tower Two
Collins Square
727 Collins Street
Melbourne VIC 3001
Australia

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by

Name Julie LYONS

Date 29-07-2022

For more help or information

Web	www.asic.gov.au
Ask a question?	www.asic.gov.au/question
Telephone	1300 300 630

A.C.N. 166 119 133 Pty Ltd

Financial Statements for the year ended 31 March 2022

A.C.N. 166 119 133 Pty Ltd
Directors' Report

The directors present their report together with the consolidated financial statements of the Group comprising A.C.N. 166 119 133 Pty Ltd (the Company), and its subsidiaries for the financial year ended 31 March 2022 and the auditor's report thereon.

Directors

The following persons were directors of the Company for the year ended 31 March 2022 and as of the date of this report:

Name	*Particulars*	*Appointment Date*	*Resignation Date*
Maxime Therrien	Director	1 April 2017	
Richard Wallace	Director	1 April 2017	
Paul Moloney	Director and Company Secretary	1 April 2017	29 July 2021
Daniel Egan	Director	29 July 2021	

The Company Secretary was Julie Lyons (appointed 29 July 2021). Prior to this, Paul Moloney was Company Secretary.

Principal activity

A.C.N. 166 119 133 Pty Ltd was incorporated on 3 October 2013. The principal activity of A.C.N. 166 119 133 Pty Ltd is to hold 100% of the shares in Saputo Dairy Australia Pty Ltd. The Company and its controlled entities comprise the "Group". The principal activities of the Group comprise the manufacture, marketing and distribution of dairy products and the operation of farming input retail stores.

Changes in state of affairs

In February 2022, the Group announced certain operational changes aimed at improving operational efficiency and right-sizing the Group's manufacturing footprint. As a result, the decision was made to close one of the two dryers at the Maffra site from 1 March 2022 and to close the Individual Wrapped Slices production area at Cobram in June 2022. The Group recorded an impairment charge and incurred certain restructuring costs associated with these decisions.

During the course of the year the Group extended each of its working capital finance facilities for a further 12 months.

Review of Operations

The principal activities of the Group during the year ended 31 March 2022 were:

- The manufacture and sale of cheese, specialty cheese, milk powders, butter, cream, whey protein concentrate, lactoferrin, raw and processed milk
- Manufacture and sale of galacto-oligosaccharides (GOS) through joint venture company Great Ocean Ingredients Pty Ltd
- Sale of industrial dairy products into the Japanese market through controlled entity Saputo Dairy Japan Co. Ltd
- Investment in a joint venture in Serion Inc. which trades dairy commodities in the Japanese market

- Investment in a joint venture with French food company Danone which manufactures and markets yoghurt
- Operation of a network of retail stores and fertilizer depots in south eastern Australia providing a range of farming inputs operated through wholly controlled entity AG Warehouse Pty Ltd

The Group recorded a net loss after tax of $54,417 thousand for the year ended 31 March 2022 (2021: $30,643 thousand profit).

Subsequent Events

There have been no subsequent events relevant to the year ended 31 March 2022 requiring disclosure.

Future Developments

The Group will continue to pursue its vision to be Australia's leading milk processing company. There is a continuing general trend in the Australian dairy industry towards globalisation and rationalisation. The Group intends to take advantage of opportunities arising from this process. The Group will continue to develop its business strategies of accelerating growth in the Australian and international markets.

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

Environmental Regulation

The Group is subject to considerable environmental regulation as part of its food manufacturing operations. Its activities are licensed by the Environmental Protection Agency (EPA) to ensure all discharges/emissions into the atmosphere i.e. dust particulates, noise, odour, surface water, stormwater, runoff etc. from the premises must be managed and not be discharged to the environment except in accordance with the licence.

The Group is also subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 (Cwlth), the National Environment Protection Council Act 1994 (Cwlth) and the National Environment Protection (National Pollutant Inventory) Measure 1998 (Cwlth).

The National Greenhouse and Energy Reporting Act requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required. The National Environment Protection Council Act requires the Group to report under the National Environment Protection (National Pollutant Inventory) Measure consumption and emission of designated pollutants.

Proceedings on Behalf of the Group

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to issue proceedings on behalf of the Group or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Group with leave of the court under Section 237 of the Corporations Act 2001.

Indemnification of officers and auditors

During the financial period, A.C.N. 166 119 133 Pty Ltd's ultimate parent, Saputo Inc., paid a premium in respect of a contract insuring the directors of the company (as named above) and all Saputo Inc. subsidiaries, the company secretary and all officers of the company against a liability incurred as such a director, secretary or executive officer.

The Group has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred as such an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the financial report.

Rounding of amounts

The Group is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

Daniel Egan

Daniel Egan

Director

Melbourne, Australia
29 July 2022

A.C.N. 166 119 133 Pty Ltd
Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes, as set out on pages 6 to 30 of the annual report, are in accordance with the Corporations Act 2001, including:

(i) complying with Australian Accounting Standards – Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's financial position as at 31 March 2022 and of its performance for the year ended on that date.

(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.

(c) at the date of this declaration there are reasonable grounds to believe that the members of the group of companies identified in note 21 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 22.

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

On behalf of the Directors

Daniel Egan

Director

Melbourne, Australia
29 July 2022

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of A.C.N 166 119 133 Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of A.C.N 166 119 133 Pty Ltd for the financial year ended 31 March 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Gordon Sangster

Partner

Melbourne

29 July 2022

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A.C.N. 166 119 133 Pty Ltd

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME for the year ended 31 March 2022

	Notes	Consolidated 2022 $'000	2021 $'000
Revenue from continuing operations	2	2,764,536	2,701,212
Other income	3	13,007	67,533
Raw materials and consumables used		(2,076,822)	(2,037,759)
Employee benefits expense		(341,865)	(349,078)
Depreciation and amortisation expense	4	(128,079)	(107,564)
Finance costs	4	(16,711)	(20,908)
Distribution expense		(73,475)	(59,999)
Acquisition costs		(156)	794
Impairment of intangibles		(1,762)	(18,089)
Impairment of property, plant and equipment		(52,147)	-
Restructuring costs		(4,143)	-
Other expenses		(164,834)	(137,773)
Share of net profits of joint ventures accounted for using the equity method		4,428	5,973
(Loss) profit before income tax		(78,023)	44,342
Income tax (expense)/benefit	5	23,606	(13,699)
(Loss) profit for the year		(54,417)	30,643
Other comprehensive income (loss) net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(4,188)	(697)
Net gain/(loss) on foreign currency hedges		9,962	(9,465)
Other comprehensive income (loss) for the year, net of tax		5,774	(10,162)
Total comprehensive (loss) income for the year		(48,643)	20,481
(Loss) profit attributable to:			
Owners of the Company		(55,500)	30,094
Non-controlling interest		1,083	549
		(54,417)	30,643
Total comprehensive (loss) income attributable to:			
Owners of the Company		(49,726)	19,932
Non-controlling interest		1,083	549
		(48,643)	20,481

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

A.C.N. 166 119 133 Pty Ltd
CONSOLIDATED BALANCE SHEET as at 31 March 2022

	Notes	Consolidated 2022 $'000	2021 $'000
CURRENT ASSETS			
Cash and cash equivalents		51,051	24,550
Trade and other receivables	6	411,795	377,131
Inventories	7	797,436	774,253
Current tax assets		5,927	-
Total Current Assets		1,266,209	1,175,934
NON-CURRENT ASSETS			
Investments accounted for using the equity method	8	37,433	42,635
Property, plant & equipment	9	930,572	1,008,459
Right-of-use assets	10	200,892	222,841
Investment properties		3,259	3,134
Deferred tax assets	11	15,308	-
Intangible assets	12	442,343	449,586
Other assets		8,024	9,929
Total Non-Current Assets		1,637,831	1,736,584
Total Assets		2,904,040	2,912,518
CURRENT LIABILITIES			
Trade and other payables	13	449,201	381,058
Borrowings		159,743	35,002
Current tax liabilities		-	16,216
Provisions	14	93,530	96,272
Lease liabilities	10	25,957	40,600
Related party loan		-	92,081
Total Current Liabilities		728,431	661,229
NON-CURRENT LIABILITIES			
Provisions	16	13,104	18,935
Deferred tax liabilities	15	-	4,096
Loan from parent		437,000	437,000
Lease liabilities	10	157,345	174,455
Total Non-Current Liabilities		607,449	634,486
Total Liabilities		1,335,880	1,295,715
Net Assets		1,568,160	1,616,803
EQUITY			
Contributed equity	17	1,408,980	1,408,980
Reserves		(3,583)	(9,357)
Retained profits		162,763	217,180
Total Equity		1,568,160	1,616,803

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2022

	Notes	Attributable to owners of A.C.N. 166 119 133 Pty Ltd				
		Contributed equity $'000	Foreign currency translation reserve $'000	Foreign currency hedge reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 April 2021		1,408,980	108	(9,465)	217,180	1,616,803
Loss for the period		-	-	-	(54,417)	(54,417)
Other comprehensive (loss) income for the year, net of income tax		-	(4,188)	9,962	-	5,774
Total other comprehensive (loss) income		-	(4,188)	9,962	-	5,774
Transactions with owners in their capacity as owners:						
Equity contribution from parent		-	-	-	-	-
Balance at 31 March 2022		1,408,980	(4,081)	498	162,763	1,568,160
Balance at 1 April 2020		1,188,980	805	-	186,537	1,376,322
Profit for the period		-	-	-	30,643	30,643
Other comprehensive loss for the year, net of income tax		-	(697)	(9,465)	-	(10,162)
Total other comprehensive loss		-	(697)	(9,465)	-	(10,162)
Transactions with owners in their capacity as owners:						
Equity contribution from parent		220,000	-	-	-	220,000
Reduction in share capital		-	-	-	-	-
Conversion of Redeemable Preference Shares to ordinary shares		-	-	-	-	-
Balance at 31 March 2021		1,408,980	108	(9,465)	217,180	1,616,803

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

A.C.N. 166 119 133 Pty Ltd
CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2022

	Notes	Consolidated 2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,758,942	2,884,875
Payments to suppliers and employees		(2,736,416)	(2,580,237)
Interest received		538	113
Finance costs		(2,806)	(4,639)
Income tax paid		(17,354)	(20,232)
Net Cash Inflow from Operating Activities		2,904	279,880
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		1,798	3,569
Dividends received from joint ventures and associates		7,730	5,000
Payments for property, plant & equipment		(45,917)	(56,421)
Payments for intangibles		(16,252)	(20,180)
Net proceeds from sale of subsidiary		-	29,991
Net Cash Outflow from Investing Activities		(52,641)	(38,041)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		869,946	214,765
Repayment of borrowings		(740,475)	(584,130)
Repayment to parent		-	(100,000)
Interest on borrowings from parent		(7,851)	(9,173)
Proceeds from share issue	19	-	220,000
Repayment of lease liabilities		(45,382)	(48,867)
Net Cash (Outflow) / Inflow from Financing Activities		76,238	(307,405)
Net (Decrease)/Increase in Cash, Cash Equivalents and Overdrafts		26,501	(65,566)
Cash, cash equivalents and overdrafts at the beginning of the financial year		24,550	90,116
Cash, cash equivalents and overdrafts at the end of the financial year		51,051	24,550

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTE 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 periods presented unless otherwise stated. The financial report of the Group consists of A.C.N. 166 119 133 Pty Ltd and its subsidiaries. A.C.N. 166 119 133 Pty Ltd is domiciled and incorporated in Australia.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Simplified Disclosures, and complies with other requirements of the law. In the prior year, the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. In preparing these consolidated financial statements, the Group elected to adopt the following standard and amendments early:

• AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities;

• AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.

There was no impact on the amounts recognised, measured and classified in the statements of financial position, financial performance and cash flows of the Group as a result of the change in basis of preparation.

A.C.N. 166 119 133 Pty Ltd is a for profit entity for the purposes of preparing the financial statements.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through comprehensive income.

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires that management exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed.

Key critical accounting estimates are outlined below:

Inventory valuation - Inventory is valued at the lower of cost or net realisable value. In determining net realisable value, the expected sales prices are estimated based on future contract prices and expected market outlook.

Impairment of assets - Management make a number of estimates as part of assessing assets for impairment. Further details of the impairment assessment process can be found in Note 1 (h).

Business combinations - The Group accounts for its business combinations using the acquisition method of accounting. Under this method, the Group allocates the purchase price to tangible and intangible assets acquired and liabilities assumed based on estimated fair values at the date of acquisition, with the excess of the purchase price allocated to goodwill. The determination of fair values requires significant judgment.

Restatement of prior year comparatives

An amount of $42.2 million has been reclassified from Distribution expense to Other expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income in the 2021 comparative.

(b) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of subsidiaries of A.C.N. 166 119 133 Pty Ltd (parent entity) as at 31 March 2022 and the results of the subsidiaries for the year then ended. A.C.N. 166 119 133 Pty Ltd and its subsidiaries, as at 31 March 2022, together are referred to in this financial report as the Group. The financial information for A.C.N. 166 119 133 Pty Ltd is disclosed in Note 24 and has been prepared on the same basis as the consolidated financial statements.

Subsidiaries are all 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 subsidiaries of the group are listed in Note 21.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the group.

(ii) Joint Venture Entities

The interest in a joint venture is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of profits or losses of the joint venture is recognised in the statement of comprehensive income. The joint venture investment is recognised in non-current assets and any foreign exchange movements are recognised in reserves on the balance sheet.

Profits or losses on 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, unless they relate to an unrealised loss that provides evidence of impairment of an asset transferred.

(c) Income Taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income, based on the current income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

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, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. Deferred income tax is also 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 either accounting or taxable comprehensive income. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period 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 distributions from controlled entities and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only if certain criteria are met.

A.C.N. 166 119 133 Pty Ltd and its wholly-owned Australian controlled entities implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

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.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash and short-term investments having an initial maturity of three months or less at the time of acquisition. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(e) Trade Receivables

Trade receivables are recognised at amortised cost less provision for expected credit losses. They are presented as current assets unless collection is not due for more than 12 months after the reporting date.

The Group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. The expected credit losses on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made are recognised in profit or loss.

(f) Foreign Currency Translation – Transactions and Balances

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable in foreign currencies are translated into Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the comprehensive income for the year.

(g) Inventories

Dairy produce inventories are measured at the lower of cost and net realisable value. Any loss on valuing inventory at net realisable value is recognised in profit or loss. The cost of dairy produce inventories includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion less the estimated costs necessary to complete the sale.

Stores, packaging materials and AG Warehouse inventories have been valued at the lower of cost and net realisable value. Costs are assigned to individual items of stock on a latest purchase price or first-in first-out basis. Cost includes directly attributable costs only.

(h) Impairment of Assets

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see Note 1 (i) below).

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see Note 1 (i) below).

(i) Property, Plant and Equipment

Property, plant and equipment is initially recognised at cost, where cost includes purchase price, delivery and handling, site preparation, professional fees, installation and assembly, commissioning costs, employee benefits costs directly attributable to the construction or purchase and borrowing costs associated with qualifying assets.

Subsequent to initial recognition property, plant and equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses. 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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2-7%
Plant and equipment	4-10%
Motor vehicles	10-33%
Computer equipment	33%
Furniture and Fittings	12%

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is the group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(j) Leases

Leases are recognised as a right-of-use asset and a corresponding lease liability at the commencement date. Each lease payment is allocated between a reduction of the liability and finance cost. The finance cost is recognised in ''Finance Costs'' in the consolidated income statements 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 lease liability is measured at the present value of lease payments to be made, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily available. The period over which the lease payments are discounted is the non-cancellable period for which the lessee has the right to use the underlying asset together with the renewal options that the Group is reasonably certain to exercise. The period needs to also consider termination options that the Group is reasonably certain not to exercise. Renewal options are included in a number of leases across the Group.

Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payment of penalties for termination of a lease.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the lease commencement date, any initial direct costs and related restoration costs. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statements.

(k) Goodwill and Intangible Assets

Goodwill represents the excess of the consideration transferred in a given acquisition over the fair value of the identifiable net assets acquired and is initially recorded at that value. Goodwill is subsequently carried at cost less any impairment.

Intangible assets include trademarks, customer relationships, and software that is not an integral part of the related hardware. Intangible assets are initially recorded at their transaction fair values. Definite life intangible assets are subsequently carried at cost less accumulated amortisation and less impairment losses, if any. Indefinite life intangible assets, including goodwill, are not amortised. However, they are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired.

When testing goodwill for impairment, the carrying values of the CGU's or group of CGU's, including goodwill, are compared with their respective recoverable amounts (higher of fair value less costs of disposal and value in use) and an impairment loss, if any, is recognised for the excess.

Trademarks are considered to be definite life intangible assets and are amortised using the straight-line method over their useful lives being 20 years and are reviewed for indicators of impairment at each reporting period. Customer relationships and software are considered to be definite life intangible assets and are amortised using the straight-line method over their useful lives being 15 years and are reviewed for indicators of impairment at each reporting period.

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are paid in accordance with agreed payment terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(m) Borrowings

Borrowings are initially measured 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 the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or assumed, is recognised in other income or other expenses.

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 period.

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of that asset.

(n) Revenue Recognition

The Group recognises revenue when control of the asset is transferred to the customer, generally at the point in time of the shipment of products. The Group recognises revenue for all sales at the fair value of the consideration received or receivable. Sales are net of a provision for variable consideration of estimated allowances and sales incentives provided to customers, such that it is highly probable that a significant reversal will not occur once the uncertainty related to the variable consideration is subsequently resolved.

The value of sales incentives provided to customers are estimated using historical trends and are recognised at the time of sale as a reduction of revenue. Sales incentives include discounts, promotions, advertising allowances, and other volume-based incentives. In subsequent periods, the Group monitors the performance of customers against agreed upon obligations related to sales incentive programs and makes any adjustments to both revenue and sales incentive accruals as required.

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the Group's right to receive payment is established. Rental income is recognised on a straight-line basis over the term of the relevant lease.

(o) Employee Benefits

(i) Short Term Obligations

Liabilities for wages and salaries, and rostered days off are recognised in trade and other payables and are measured as the amount expected to be paid when the liabilities are settled. Liabilities for annual leave and vested sick leave, payable on termination, are recognised in the provision for employee benefits at the amounts expected to be paid when the liabilities are settled.

Annual leave and vested sick leave amounts are all recorded as current liabilities, even though it is not expected all amounts will be paid within 12 months, as the employee has a legal entitlement to these amounts and could at their discretion utilise that entitlement. In determining amounts recognised as liabilities the Group gives consideration to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments greater than 12 months are discounted using market yields on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(ii) Long Term Employee Benefit Obligations

A liability for long service leave to which employees are legally entitled at the reporting date is recognised in the provision for employee benefits in accordance with (i) above. The liability for long service leave expected for which the employee is yet to be legally entitled and therefore settled in more than 12 months from reporting date is recognised in the non-current provision and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Bonus Plans

The Group recognises a liability and an expense for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation.

(iv) Retirement Benefit Obligations

Contributions to the defined contribution section are recognised as an expense as they become payable.

(p) Financial Instruments and Hedging

Financial assets and liabilities are initially measured at fair value. Subsequently, financial instruments classified as Fair Value through Profit or Loss (FVTPL) and fair value through other comprehensive income, part of a hedging relationship or not, continue to be measured at fair value on the statement of financial position at each reporting date, whereas other financial instruments are measured at amortised cost using the effective interest method.

The Group has made the following classifications:

- Cash and cash equivalents are classified as amortised cost and are subsequently measured at amortised cost
- Receivables (including trade receivables) are classified as amortised cost and are subsequently measured at amortised cost
- Other assets that meet the definition of a financial asset are classified as amortised cost and are subsequently measured at amortised cost
- Bank loans, accounts payable and accrued liabilities, other liabilities and long-term debt are classified as amortised cost and are measured at amortised cost, with the exception of the liability related to Restricted Stock Units (RSUs) and Performance Stock Units (PSUs) which are measured at the fair value of common shares on the financial position dates

Certain derivative instruments are utilised by the Group to manage exposure to manage foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is immediately recognised in net earnings unless the derivative is designated as a hedging instrument.

The Group designates certain financial instruments as cash flow hedges. At the inception of the hedging relationship, the Group designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and its strategy for undertaking the hedge. For derivatives instruments designated as cash flow hedges, the change in fair value related to the effective portion of the hedge is recognised in other comprehensive income (loss), and the accumulated amount is presented as a hedging reserve in the consolidated statement of changes in equity. Any ineffective portion is immediately recognised in net earnings. Gains or losses from cash flow hedges included in other components of equity are reclassified to net earnings, when the hedging instrument has come due or is settled, as an offset to the losses or gains recognised on the underlying hedged items. The Group formally assesses at inception and quarterly thereafter, the effectiveness of the hedging instruments' ability to offset variations in the cash flow risks associated with the hedged item. Where a hedging relationship is no longer effective, hedge accounting is discontinued and any subsequent change in the fair value of the hedging instrument is recognised in net earnings.

(q) Provisions

Provisions are recognised where a present obligation exists and the entity has no realistic alternative but to make a future sacrifice of economic benefits to settle the obligation.

(r) Investment Property

Investment properties are held for long-term rental yields, or capital appreciation, or both and is not occupied by the Group. Investment property is carried at fair value, representing open-market value determined annually by an independent valuer who holds a recognised and relevant professional qualification. Changes to fair value are recorded in the comprehensive income as part of other income.

(s) Government Grants

Grants from the Government are recognised at their fair value where there is 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 comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to capital are accounted for by deducting the grant in arriving at the carrying amount of the asset.

(t) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) 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.

(v) Effect of new accounting standards, interpretations and amendments adopted during the period

The following standards, amendments to existing standards and interpretation of standards were adopted by the Group on or after 1 April 2021 and did not have a significant impact on the Group's financial statements:

- *AASB 2019-3 Amendments to Australian Accounting Standards (AASs) – Interest Rate Benchmark Reform [Phase 1]*
- *AASB 2020-8 Amendments to AASs – Interest Rate Benchmark Reform – Phase 2*
- *AASB 2018-6 Amendments to AASs – Definition of a Business*
- *AASB 2020-4 Amendments to AASs – Covid-19-Related Rent Concessions*
- *AASB 2021-3 Amendments to AASs – Covid-19-Related Rent Concessions beyond 30 June 2021*
- *AASB 2019-1 Amendments to AASs – References to the Conceptual Framework*
- *AASB 2018-7 Amendments to AASs – Definition of Material*
- *AASB 2019-5 Amendments to AASs – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- *AASB 2019-2 Amendments to AASs – Implementation of AASB 1059*
- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
- *AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*

(w) New Accounting Standards and Interpretations on issue but not yet implemented

The following standards, amendments to standards and interpretations have been issued and are applicable to the Group for its annual periods beginning on and after 1 April 2022, with an earlier application permitted and are not expected to have a material impact on the Group's consolidated financial statements:

		Effective reporting periods beginning
(i)	AASB 2020-3 1 Amendment to AASB 9 – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Part of Annual Improvements 2018–2020 Cycle)	1 January 2022
(ii)	AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022
(iii)	AASB 2020-3 Amendments to AASB 3 – Reference to the Conceptual Framework	1 January 2022
(iv)	AASB 2020-3 Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
(v)	AASB 2020-3 Amendment to AASB 141 – Taxation in Fair Value Measurements (Part of Annual Improvements 2018–2020 Cycle)	1 January 2022
(vi)	AASB 2020-3 Amendments to AASB 137 – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
(vii)	AASB 2021-2 Amendments to AASB 108 – Definition of Accounting Estimates	1 January 2023
(viii)	AASB 2021-5 Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
(ix)	AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current	1 January 2023

	Consolidated	
	2022 $'000	**2021 $'000**
Note 2. Revenue		
Sale of goods	2,747,835	2,683,276
Sale of services	16,701	17,936
Revenue from continuing operations	2,764,536	2,701,212

	Consolidated	
	2022 $'000	**2021 $'000**
Note 3. Other Income		
Sale of goods	11,527	9,338
Sale of services	16,116	23,910
Rent	3,705	3,279
Interest	538	343
Net (loss)/gain on disposal of property, plant and equipment	925	145
Net foreign exchange (losses) gains	(20,559)	29,991
Fair value adjustment of investment property	559	205
Other	196	322
	13,007	67,533

	Consolidated	
	2022 $'000	**2021 $'000**
Note 4. Expenses		
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation of property, plant and equipment (note 9)	83,553	76,779
Depreciation of right of use assets (note 10)	29,564	27,548
Amortisation of intangibles (note 12)	14,962	3,237
Total depreciation and amortisation expense	128,079	107,564
Finance costs paid/payable	16,711	20,908
Write down/(write back) of inventories to net realisable value	(4,339)	1,424
Credit loss (reversal)/losses - trade receivables	(1,234)	(4,176)
Research and Development	3,604	2,526
Impairment of property, plant and equipment	52,147	-
Impairment of intangibles	1,762	18,089
Restructuring costs	4,143	-
Employee benefits provided for	28,723	22,619
Acquisition-related costs	156	(794)
Auditors' remuneration - audit and review of financial statements	572	685
Auditors' remuneration - other advisory services	201	148

In February 2022, the Group announced certain operational changes at the Maffra and Cobram processing sites with the measures aimed at enhancing and streamlining the Group's manufacturing footprint. As a result, the Group recognised an impairment of fixed assets of $52.1 million and severance costs of $4.1 million.

	Consolidated	
	2022 $'000	**2021 $'000**
Note 5. Income Tax		
(a) Income tax expense		
Current tax	83	18,063
Deferred tax	(23,689)	(4,364)
Aggregate income tax expense/(benefit)	(23,606)	13,699
Deferred income tax (benefit) expense included in income tax expense/(benefit) comprises:		
Decrease (increase) in deferred tax assets (note 11)	(8,901)	1,422
(Decrease) increase in deferred tax liabilities (note 15)	(14,787)	(5,786)
	(23,688)	(4,364)

	Consolidated 2022 $'000	Consolidated 2021 $'000
Note 5. Income Tax (cont'd)		
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Profit/(loss) from operations before income tax expense/(benefit)	(78,023)	44,342
Income tax calculated @ 30% (2021: 30%)	(23,407)	13,303
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:		
Entertainment	28	18
Research and development	(170)	(85)
Sundry items	610	384
Dividends received (including imputation credits)	2,679	2,143
Acquisition costs	-	42
Depreciation and amortisation	-	5,427
Share of net profits/(losses) of joint ventures	(1,329)	(1,792)
Effect of tax rates in foreign jurisdictions	509	(633)
Tax losses for which no deferred tax asset was recognised	-	(3,600)
	(21,080)	15,207
Under (over) provision in prior years	154	634
Imputation credits	(2,679)	(2,142)
Income tax expense/(benefit)	(23,605)	13,699
(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 directly debited or credited to equity		
Net deferred tax - (debited) credited directly to equity (notes 11 and 15)	(4,284)	3,983
	(4,284)	3,983

	Consolidated 2022 $'000	Consolidated 2021 $'000
Note 6. Trade and Other Receivables		
Trade receivables	364,813	362,854
Provision for expected credit losses (a)	(1,629)	(2,863)
	363,184	359,991
Other receivables (b)	33,701	16,870
Prepayments	14,910	270
	411,795	377,131

(a) Provision for expected credit losses
Movements in the provision for expected credit losses of receivables are as follows:

	Consolidated $'000
At 1 April 2021	2,863
Provision for expected credit losses recognised/(reversed) during the year	(1,234)
Receivables written off during the year as uncollectible	-
Balance as at 31 March 2022	1,629
At 1 April 2020	7,202
Provision for expected credit losses recognised/(reversed) during the year	(4,176)
Receivables written off during the year as uncollectible	(163)
Balance as at 31 March 2021	2,863

The creation and release of the provision for expected credit losses has been included in 'other expenses' in the statement of comprehensive income. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

(b) Other receivables
Includes Goods and Services Tax receivables, advances to milk suppliers and other sundry debtors. These amounts generally arise from transactions outside the usual activities of the Group. Interest may be charged on other receivables.

	Consolidated	
	2022 $'000	**2021 $'000**
Note 7. Inventories		
Raw materials and stores - at cost	361,332	270,317
Finished goods - at net realisable value	25,553	86,884
Finished goods - at cost	410,551	417,052
	797,436	774,253

(a) Inventory expense
Inventory recognised as an expense during the year ended 31 March 2022 amounted to $2,076,823 thousand (2021: $2,037,759 thousand).

Write-back of inventories from net realisable value recognised as income during the year ended 31 March 2022 amounted to $4.3 million (2021: write-down of $1.4 million). The income/expense has been recognised in 'raw materials and consumables used' in the statement of comprehensive income.

	Consolidated	
	2022 $'000	**2021 $'000**
Note 8. Investments Accounted for Using the Equity Method		
Great Ocean Ingredients Pty Ltd	35,521	39,685
Serion Inc	1,912	2,950
Danone Murray Goulburn Pty Ltd	-	-
	37,433	42,635

Interest in Joint Ventures and Associates

The Group has a 50% ownership interest and voting rights in Great Ocean Ingredients Pty Ltd, which is resident in Australia and the principal activity of which is to manufacture galacto-oligosaccharides (GOS) for sale to infant formula manufacturers.

The Group has a 20% ownership interest and voting rights in Serion Inc. Serion Inc is resident in Japan and its principal activity is to trade dairy commodities in the Japanese market.

The Group has a 50% ownership interest and voting rights in Danone Murray Goulburn Pty Ltd. The entity is resident in Australia and its principal activity is the manufacture and sale of yogurt products throughout Australia.

The Group's interests in joint ventures and associates are accounted for in the consolidated financial statements using the equity method of accounting.

Note 9. Property, Plant & Equipment

Consolidated 2022	Constr'n in progress $'000	Freehold land $'000	Buildings $'000	Plant & equipment $'000	Motor vehicles $'000	Furniture, fixtures & fittings $'000
Balance at 1 April 2021:						
Gross carrying amount	61,883	70,897	343,907	1,411,315	12,798	1,558
Accumulated depreciation and impairment losses	-	-	(59,064)	(827,272)	(8,967)	(1,216)
Net carrying amount at 1 April 2021	61,883	70,897	284,843	584,043	3,831	342
Additions	1,796	-	8,791	27,991	10	252
Disposals	-	(645)	(116)	(15)	(91)	-
Transfers	(4,547)	-	1,182	2,671	-	133
Revaluation	840	-	(8,649)	(7,423)	260	1,666
Impairment	0	-	(25,663)	(25,801)	-	-
Depreciation charge	-	-	(10,673)	(63,054)	(1,489)	(617)
Net carrying amount at 31 March 2022	59,972	70,252	249,715	518,412	2,521	1,776
Balance as at 31 March 2022:						
Gross carrying amount	59,972	70,252	286,482	683,203	10,960	3,388
Accumulated depreciation and impairment losses	-	-	(36,767)	(164,791)	(8,439)	(1,612)
Net carrying amount at 31 March 2022	59,972	70,252	249,715	518,412	2,521	1,776

Consolidated 2022	Computer equipment $'000	Land/Site Improvements $'000	Total $'000
Balance at 1 April 2021:			
Gross carrying amount	12,459	2,928	1,917,745
Accumulated depreciation and impairment losses	(12,027)	(740)	(909,286)
Net carrying amount at 1 April 2021	432	2,188	1,008,459
Additions	6,347	763	45,950
Disposals	-	-	(867)
Transfers	9,481	545	9,465
Revaluation	3,989	12,582	3,265
Impairment	(683)	-	(52,147)
Depreciation charge	(5,366)	(2,354)	(83,553)
Net carrying amount at 31 March 2022	14,200	13,724	930,572
Balance as at 31 March 2022:			
Gross carrying amount	82,225	17,671	1,214,153
Accumulated depreciation and impairment losses	(68,025)	(3,947)	(283,581)
Net carrying amount at 31 March 2022	14,200	13,724	930,572

Note 10. Right of Use assets and Lease liabilities

(a) Right of Use Assets

The following table presents the changes in right of use assets during the year ended 31 March 2022:

Consolidated 2022	**Buildings $'000**	**Plant & equipment $'000**	**Motor vehicles $'000**	**Total $'000**
Net book value at 31 March 2021	138,024	48,932	35,885	222,841
Additions / modifications	(1,680)	(465)	11,339	9,194
Depreciation	(12,562)	(7,139)	(9,863)	(29,564)
Derecognition	-	(1,236)	(343)	(1,579)
Net book value at 31 March 2022	123,782	40,092	37,018	200,892

(b) Lease Liabilities

The following table presents the changes in lease liabilities during the year ended 31 March 2022:

	Consolidated 2022 $'000	**Consolidated 2021 $'000**
Opening balance at beginning of the year	215,055	246,015
New leases / modifications	8,932	13,407
Interest expense	6,083	7,597
Payments	(46,768)	(51,964)
Total lease liabilities	183,302	215,055
Current portion	25,957	40,600
Non-current portion	157,345	174,455

(c) Minimum lease payments under non-cancellable leases

The following maturity analysis of the Company's lease liabilities outstanding at 31 March 2022 is based on the expected undiscounted contractual cash flows until the contractual maturity date:

	Consolidated 2022 $'000	**Consolidated 2021 $'000**
Less than 1 year	32,601	45,944
1-2 years	25,982	29,296
2-3 years	54,019	24,291
3-4 years	15,838	52,233
4-5 years	12,359	13,950
More than 5 years	70,774	82,632
	211,573	248,346

	Consolidated 2022 $'000	Consolidated 2021 $'000
Note 11. Deferred Tax Assets / Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Employee benefits	27,499	27,029
Inventories	1,092	2,207
Provisions	5,429	2,762
Accrued expenses	13	2,126
Business related capital expenses	-	359
Tax losses	9,351	-
	43,384	34,483
Amounts recognised directly in equity		
Investment property	90	90
Land and buildings	1,862	1,861
Foreign exchange hedges	(229)	4,056
	1,723	6,007
Deferred tax assets	45,107	40,490
Set-off deferred tax assets pursuant to set-off provisions (note 15)	(29,799)	(40,490)
Net deferred tax assets	15,308	-
Movements in Deferred tax assets:		
Opening balance at 1 April	40,490	37,929
Credited (charged) to the statement of comprehensive income (note 5)	8,901	(1,422)
Credited (charged) to equity	(4,284)	3,983
Closing Balance 31 March	45,107	40,490

At 31 March 2022, the deferred tax assets include an amount of $9,900 thousand which relates to carried-forward tax losses of the Company. The Company has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Company. The Company is expected to generate taxable income from 2022 onwards. Subject to satisfying the Australian tax loss continuity rules, the tax losses can be carried forward indefinitely and have no expiry date.

Note 12. Intangible Assets

Consolidated 2022	**Trademarks $'000**	**Goodwill $'000**	**Software $'000**	**Customer relationships $'000**	**Total $'000**
Balance at 1 April 2021:					
Gross carrying amount	45,604	327,018	62,781	20,877	456,280
Accumulated amortisation and impairment losses	(8,120)	-	11,184	(9,758)	(6,694)
Net carrying amount at 1 April 2021	37,484	327,018	73,965	11,119	449,586
Additions of internal developments	-	-	16,252	-	16,252
Transfers	5,569	-	(15,034)	-	(9,465)
Impairment	-	-	(1,762)	-	(1,762)
Revaluation	(4,733)	-	7,427	-	2,694
Amortisation charge	(2,338)	-	(11,255)	(1,369)	(14,962)
Net carrying amount at 31 March 2022	35,982	327,018	69,593	9,750	442,343
At 31 March 2022					
Gross carrying amount	40,457	327,018	93,629	20,877	481,981
Accumulated amortisation and impairment losses	(4,475)	-	(24,036)	(11,127)	(39,638)
Net carrying amount at 31 March 2022	35,982	327,018	69,593	9,750	442,343

	Consolidated 2022 $'000	Consolidated 2021 $'000
Note 13. Trade and Other Payables		
Trade payables	434,806	346,619
Other payables	14,395	34,439
	449,201	381,058

	Consolidated 2022 $'000	Consolidated 2021 $'000
Note 14. Current Provisions		
Employee benefits	90,316	86,585
Environmental provisions	3,214	8,306
Other provisions	-	1,381
	93,530	96,272

Movements in provisions
Movements in each class of provision during the financial year are set out below.

	Employee benefits $'000	Environmental provisions $'000	Other provisions $'000	Total $'000
Carrying amount at 1 April 2021	86,585	8,306	1,381	96,272
Charged/(credited) to the statement of comprehensive income	31,079	(4,505)	-	26,574
Provisions released during the period	(27,348)	(587)	(1,381)	(29,316)
Carrying amount at 31 March 2022	90,316	3,214	-	93,530

	Consolidated 2022 $'000	Consolidated 2021 $'000
Note 15. Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Prepayments	-	28
Inventories	-	904
Depreciation	5,968	20,268
Intangibles	17,088	15,374
Unrealised foreign exchange gains	(73)	1,196
Revaluation of other financial assets	6,816	6,816
Deferred tax liabilities	29,799	44,586
Set-off deferred tax assets pursuant to set-off provisions (note 11)	29,799	40,490
Net deferred tax liabilities	-	4,096
Movements in Deferred tax liabilities:		
Opening balance at 1 April	44,586	4,639
(Credited) charged to the statement of comprehensive income (note 5)	(14,787)	(5,786)
(Credited) charged to equity	-	-
Other*	-	45,733
Closing Balance 31 March	29,799	44,586

* The Company increased the carrying values of deferred income tax balances and goodwill which were recorded in the context of recent business acquisitions. The increase was based on the calculation of deferred income tax balances using the tax basis that reflects the expected manner of recovery for certain acquired assets.

	Consolidated 2022 $'000	Consolidated 2021 $'000
Note 16. Non-current Provisions		
Employee benefits	3,885	6,063
Employee benefits - performance share units	2,605	2,773
Environmental remediation provisions	6,614	9,909
Other provisions	-	191
	13,104	18,935

	Parent Entity		Parent Entity	
	2022 No. of Shares	2021 No. of Shares	2022 Value $'000	2021 Value $'000
Note 17. Contributed Equity				
(a) Share capital				
Ordinary shares - fully paid	1,527,875,688	1,527,875,688	1,408,980	1,408,980
	1,527,875,688	1,527,875,688	1,408,980	1,408,980

	Number of Shares	Issue Price $	$'000
(b) Movement in ordinary share capital			
Opening balance at beginning of the year	1,527,875,688	0.92	1,408,980
Balance at the end of the year	1,527,875,688		1,408,980

Note 18. Financial Risk Management

Financial arrangements
Prudent liquidity risk management implies maintaining sufficient cash, through the availability of funding via adequate amounts of uncommitted credit facilities and the ability to close-out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The finance department in conjunction with the treasury department of ultimate controlling entity Saputo Inc. maintains flexibility in funding by keeping uncommitted credit lines available with its major banking partners.

The Group has access to the following undrawn external borrowing facilities at the reporting date:

	Consolidated	
	2022 $'000	2021 $'000
Bank overdrafts and working capital facilities	357,313	486,964
	357,313	486,964

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

	Consolidated	
	2022 $	2021 $
Note 19. Key Management Personnel Disclosures		
The aggregate compensation made to key management personnel of the group is set out below:		
Compensation to key management personnel of the Group	2,488,917	2,542,705

Note 20. Commitments

The table below presents the future minimum payments for contractual commitments that are not recognised as liabilities for the next financial years:

	Leases (1) $'000	Purchase obligations (2) $'000	Total $'000
Less than 1 year	4,027	49,945	53,972
1-2 years	1,429	8,775	10,204
2-3 years	647	-	647
3-4 years	561	-	561
4-5 years	250	-	250
More than 5 years	-	-	-
	6,914	58,720	65,634

1 Commitments related to leases represent short-term and low-value leases that do not meet the definition of a lease under AASB 16
2 Purchase obligations are the contractual obligations for capital expenditures and service agreements to which the Company is committed.

Note 21. Investments in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy described in note 1(b).

Name of entity	Country of incorporation	Class of Shares	Equity Holding 2022 %	Equity Holding 2021 %
Parent entity				
A.C.N. 166 119 133 Pty Ltd	Australia	Ordinary	N/A	N/A
Controlled entities of A.C.N. 166 119 133 Pty Ltd:				
Saputo Dairy Australia Pty Ltd (i)	Australia	Ordinary	100	100
Warrnambool Cheese and Butter Factory Company Holdings Limited (i)	Australia	Ordinary	100	100
AG Warehouse Pty Ltd (i) (ii)	Australia	Ordinary	100	100
Tasmanian Dairy Products Co Ltd (i), (iii)	Australia	Ordinary	100	100
MG Project Inverloch (Finance) Pty Ltd (i)	Australia	Ordinary	100	100
MG Project Inverloch Pty Ltd (i)	Australia	Ordinary	100	100
The King Island Company Pty Ltd (i)	Australia	Ordinary	100	100
King Island Dairy Pty Ltd (i), (iii)	Australia	Ordinary	100	100
Lactos Pty Ltd (i)	Australia	Ordinary	100	100
Butterfields Specialty Foods Pty Ltd (i), (iii)	Australia	Ordinary	100	100
Saputo Dairy Japan Co. Ltd	Japan	N/A	80	80

(i) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 (as amended) issued by the Australian Securities Investment Commission. For further information refer to note 22
(ii) In February 2021, the name of Murray Goulburn Trading Pty Ltd was changed to AG Warehouse Pty Ltd
(iii) In April 2021, a capital reduction was undertaken that reduced capital to $1

Note 22. Deed of Cross Guarantee

The consolidated statement of comprehensive income and consolidated balance sheet of the entities which are party to the deed of cross guarantee are set out below.

(i) Statement of comprehensive income

	2022 $'000	2021 $'000
Revenue from continuing operations	2,731,129	2,685,559
Cost of sales	(2,035,548)	(1,962,687)
	695,581	722,872
Operating expenses	(764,318)	(668,619)
Finance income	538	343
Finance costs	(16,331)	(20,587)
Share of equity accounted investments	4,428	5,973
(Loss) profit before tax	(80,102)	39,982
Tax (expense)/benefit	26,671	(12,081)
(Loss) profit after tax	(53,431)	27,901

(ii) Balance sheet

	2022 $'000	2021 $'000
Current assets	1,152,548	1,133,710
Non-current assets	1,637,702	1,735,230
Total assets	2,790,250	2,868,940
Current liabilities	678,534	648,416
Non-current liabilities	572,587	634,486
Total liabilities	1,251,121	1,282,902
Net assets	1,539,129	1,586,038
Contributed equity	1,407,703	1,407,703
Reserves	(2,402)	(8,924)
Retained profits	133,828	187,259
Total equity	1,539,129	1,586,038

Note 23. Related Party Transactions

(a) Ultimate Controlling Party - Saputo Inc.

During the year, the Group's entities entered into transactions with related party Saputo Inc. and/or certain of its subsidiaries ('Saputo'). Saputo Inc. is the ultimate controlling party of 100% of shares in the Group's parent entity, A.C.N. 166 119 133 Pty Ltd. Saputo Inc. is registered in Canada.

(i) Transactions with related parties - Saputo

	2022 $	2021 $
Sales of goods and services	69,917,113	102,481,602
Purchases of goods and services	80,653,350	52,303,265
Management fees paid	25,664,758	19,412,057

Sales of goods and services relate to costs incurred by the Group, with third parties, on behalf of Saputo.

Purchases of goods and services relate to:
* Dairy products purchased at arms length prices for on-sale by the Group;
* Costs incurred by Saputo, with third parties, on behalf of the Group.

The management fee relates to Saputo's cost of salary, fringe benefits and expenses of Saputo corporate-level employees for services provided to the Group, plus a mark-up in line with market practice.

(ii) Outstanding balances arising from sales/purchase of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022 $	2021 $
Amounts owed by related parties	7,410,590	6,086,182
Amounts owed to related parties	12,895,940	3,156,215

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by Saputo.

(iii) Loans to/from related parties

	2022 $	2021 $
Intercompany loans	437,000,000	529,080,800

On 27 April 2018, A.C.N. 166 119 133 Pty Ltd entered into a non-revolving unsecured term facility with its parent entity in the principal aggregate amount of AUD $600,000 thousand in connection with the Group's acquisition of substantially all of the operating assets and liabilities of Murray Goulburn Co-operative Co. Limited. The facility bears interest at a rate equal to BBSY plus a margin of 1.70% and is repayable in full by 27 April 2023.

On 24 March 2021, Saputo Dairy Australia Pty Ltd entered into a Promissory Note with Saputo Cheese USA Inc., a subsidiary of Saputo Inc. The principal amount of USD $70,000 thousand was repaid in full on 24 March 2022.

(b) Joint Ventures

(i) Transactions with related parties - joint ventures

	2022 $	2021 $
Sales of good and services	51,282,276	51,034,150
Purchases of good and services	3,398,678	1,661,063
Dividends received	6,250,000	5,000,000

Sales of goods and services include dairy products, raw materials, services such as administration, quality, environment and maintenance, lease fees and reimbursable costs incurred by the company on the joint ventures behalf and recharged at cost.

Purchases of goods and services include dairy products and reimbursable costs incurred by the joint ventures and recharged to the company at cost.

(ii) Outstanding balances arising from sales/purchase of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022 $	2021 $
Amounts owed by related parties	9,487,050	8,006,573
Amounts owed to related parties	47,347	14,073

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by joint ventures.

(iii) Loans to/from related parties - joint ventures
There are no loans to/from joint ventures.

(c) Subsidiaries
Interest in subsidiaries are set out in note 21.

(d) Loans to key management personnel
There were no loans provided to the directors of A.C.N. 166 119 133 Pty Ltd during the year (2021: nil).

Note 24. Parent Entity Information

	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Parent entity assets and liabilities		
Current assets	55,636	55,636
Non-current assets	1,408,980	1,408,980
Total assets	1,464,616	1,464,616
Current liabilities	-	-
Non-current liabilities	29,314	29,314
Total liabilities	29,314	29,314
Net assets	1,435,302	1,435,302
Parent entity equity		
Contributed equity	1,408,980	1,408,980
Retained profits	26,322	26,322
Total equity	1,435,302	1,435,302
Parent entity profit/(loss)		
Profit/(loss) before income tax	-	-
Income tax (expense)/benefit	-	-
Profit/(loss) after income tax	-	-
Parent entity total comprehensive income		
Total comprehensive income for the year	-	-

Note 25. Events after the Reporting period

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in reporting periods subsequent to the financial period ended 31 March 2022.

KPMG

Independent Auditor's Report

To the shareholder of A.C.N. 166 119 133 Pty Ltd

Opinion

We have audited the ***Financial Report*** of A.C.N. 166 119 133 Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 31 March 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Simplified Disclosure Framework* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Balance Sheet as at 31 March 2022
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated cash flow Statement for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in A.C.N. 166 119 133 Pty Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information.

In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Simplified Disclosure Framework* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Gordon Sangster

Partner

Melbourne

29 July 2022