

Directors Statement

Revenue for the period was marginally less than in the prior year due in part to the closure of the yogurt plant which was unprofitable. Results from Operations improved by \$1.2 million, recording a profit of \$571 thousand versus a loss of \$606 thousand in the previous year. This improved performance is as a result of lower operating costs and higher efficiencies in production due to the restructuring decisions taken in recent years.

Taxation has increased due to the utilisation of available tax losses, for which we took credit in earlier years. This reduces our Deferred Tax Asset but is a non-cash item.

The Dairy continues its journey of seeking improvements in its operations, however much has already been done and in the absence of growth in market demand, any meaningful improvement in results is

dependent on a restructured framework for the price of milk as proposed in the Dairy Industry Plan submitted to Government some time ago. We and the farmers await Government's response to this proposal and hopefully its implementation.



G. Anthony King
Chairman



C.R.A. Cozier F.C.G.A.
Director

Summary Statement of Comprehensive Loss 6 Months ended 28 February 2014

	Unaudited 6 Months to 28/02/2014 \$'000	Unaudited 6 Months to 28/02/2013 \$'000	Audited Year 31/08/2013 \$'000
Sales	30,295	30,498	60,531
Profit (loss) from operations before undernoted items	571	(607)	(1,560)
Impairment of decommissioned equipment	-	-	(431)
Interest expense	(433)	(467)	(1,083)
Income (loss) before taxation	138	(1,074)	(3,074)
Taxation	(328)	(166)	(1,648)
Total comprehensive loss for the period	(190)	(1,240)	(4,722)
Loss per share - basic and diluted	(\$0.04)	(\$0.26)	(\$1.01)

Summary Statement of Cash Flows 6 Months ended 28 February 2014

	Unaudited 6 Months to 28/02/2014 \$'000	Unaudited 6 Months to 28/02/2013 \$'000	Audited Year 31/08/2013 \$'000
Income (Loss) before taxation	138	(1,074)	(3,074)
Adjustments for non-cash items	2,233	2,125	4,998
Operating profit before working capital changes	2,371	1,051	1,924
Net working capital changes	(967)	701	2,057
Net cash from in operating activities	1,404	1,752	3,981
Net cash used in investing activities	(9)	(922)	(1,100)
Net cash used in financing activities	(2,019)	(2,448)	(4,335)
Decrease in cash	(624)	(1,618)	(1,454)
Cash - beginning of period	(4,713)	(3,259)	(3,259)
Cash - end of period	(5,337)	(4,877)	(4,713)

Summary Statement of Financial Position As of 28 February 2014

	Unaudited 28/02/2014 \$'000	Unaudited 28/02/2013 \$'000	Audited 31/08/2013 \$'000
Current assets	12,532	16,534	21,414
Asset classified as held for sale	-	-	400
	12,532	16,534	21,814
Current liabilities	14,482	18,930	26,187
Working capital deficiency	(1,950)	(2,396)	(4,373)
Property, plant and equipment	27,318	33,044	29,142
Pension plan asset	4,664	4,570	4,664
Deferred tax asset	3,626	5,435	3,954
Long-term liabilities	(8,080)	(9,958)	(7,619)
Post-employment medical liability	(610)	(603)	(610)
	24,968	30,092	25,158
Shareholders' equity			
Share capital	998	998	998
Retained earnings	23,970	29,094	24,160
	24,968	30,092	25,158

Summary Statement of Changes in Equity 6 Months ended 28 February 2014

	Unaudited 6 Months to 28/02/2014 \$'000	Unaudited 6 Months to 28/02/2013 \$'000	Audited Year 31/08/2013 \$'000
Balance at the beginning of the year	25,158	31,332	29,880
Net comprehensive loss for the period	(190)	(1,240)	(4,722)
	24,968	30,092	25,158