TATUA

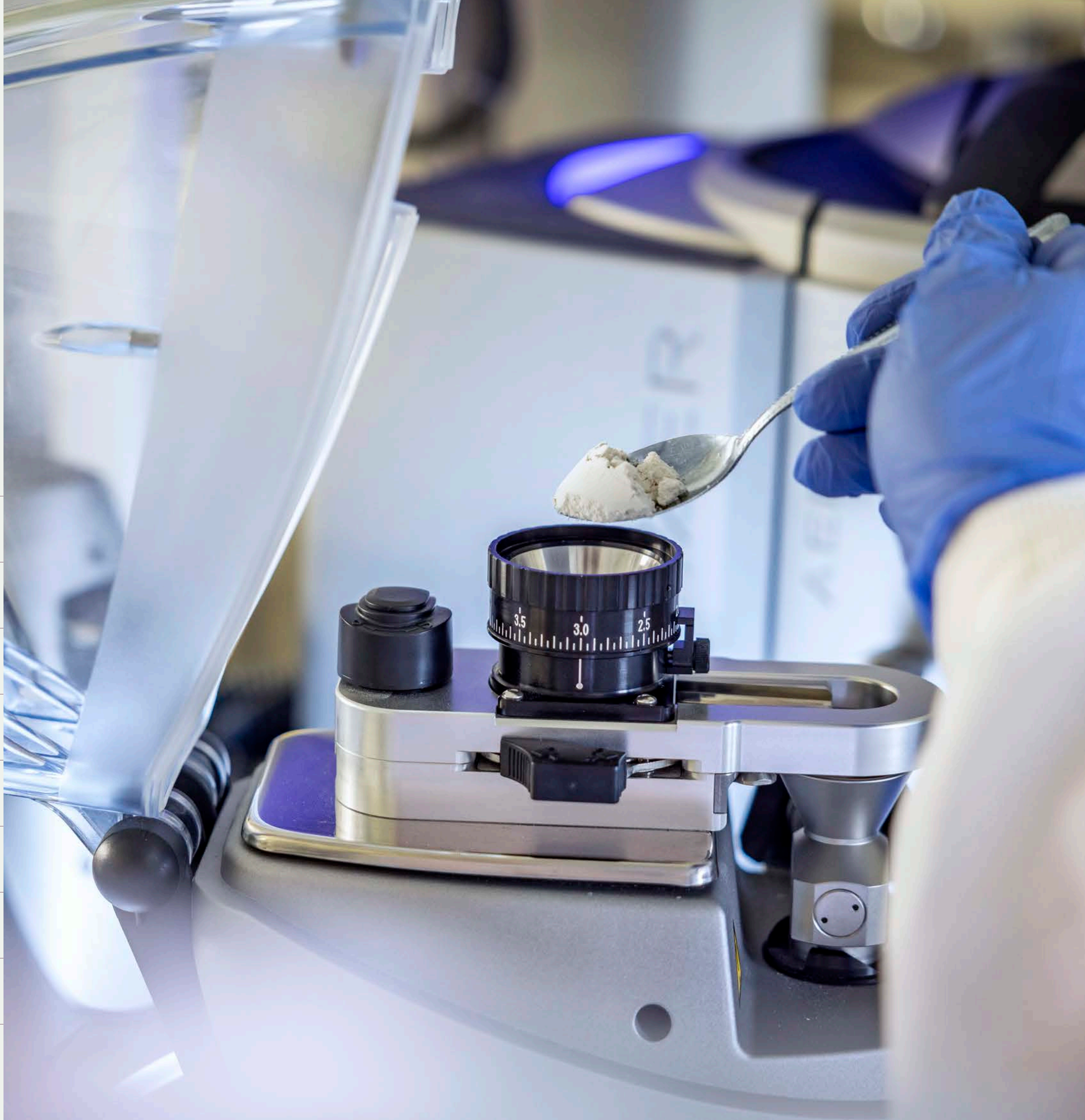
ANNUAL REPORT 2024

Specialised dairy

At Tatua, we are committed to creating specialised dairy solutions.

We take pride in supporting our customers with our diverse range of nutritional ingredients and food products.

- Protein Hydrolysates
- Specialty Proteins
- Peptones for Microbial Nutrition
- Dairy Whip Aerosol Cream
- Specialty Cream Products
- Flavours
- Caseinates
- Whey Protein Concentrate (WPC)
- Anhydrous Milkfat (AMF)



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The Tatua Co-operative Dairy Company Limited
3434 State Highway 26, Tatuanui, Morrinsville 3374, New Zealand

2024 Highlights

Total underlying revenue

$495m

Kilograms of qualifying milksolids received from shareholders

15.2m

Total earnings per kilogram of qualifying milksolids

$12.20

Cash payout to shareholders per kilogram of qualifying milksolids

$10.50

Reinvestment per kilogram of qualifying milksolids

$1.70

Specialised products revenue

$227m

Change in specialised products revenue

+8%

Revenue via subsidiary offices

50%

Proportion of products exported

89%

Average gearing ratio

23%

Report from the Chair and Chief Executive Officer

We report another year of robust financial performance and business progress for Tatua's milestone 110th year of operation.

The year was characterised by strong shareholder milk supply, normalisation of the high protein commodity prices that buoyed prior year earnings, and continued growth of our specialised Nutritionals, Foods, and Flavours businesses.

Over our dairy season, which spans the months of July through to May, we processed 15.23 million kilograms of Tatua shareholder supplied milksolids. The season had a challenging start, marked by a very wet spring and limited sunshine hours, which adversely affected pasture growth and quality, and therefore milk production.

Fortunately, the El Niño-induced drought that was forecast for later in the season didn't eventuate, and instead, regular summer rainfall led to good late season pasture growth. This enabled production to be maintained, increasing full-season shareholder supply to 2.57% above the prior season.

Throughout the season, we also procured additional milksolids from other processors within both short-term and longer-term contractual arrangements to supplement our own supply, which we continue to appreciate and value.

Alongside the processing of liquid milksolids, other dairy and non-dairy ingredients were procured, essentially extending our available milksolids to achieve our highest production volume to date, at over 42,000 metric tonnes.

Revenue from our Ingredient business of caseinate, whey protein concentrate (WPC), and anhydrous milkfat (AMF) was sharply lower, following the expected softening of global caseinate and WPC prices from the exceptional highs of the prior year. Additionally, we prioritised more of our available cream supply toward the manufacture of specialised products, thereby reducing our AMF production, and volume available for sale.

Despite the year-on-year reduction, Ingredient revenue was our second highest to date at $250 million. While this part of the business is more commoditised than specialised, it remains a significant contributor to our overall performance.

Revenue from our specialised Tatua Nutritionals, Foods and Flavours businesses, together, was once again our highest ever, as it has been in each of the last 10 years. This positively reflects our value-add strategy and our combined efforts in continuing to develop these businesses.

We are pleased to report Group income of $497 million and earnings of $185 million for the year. Our earnings equate to $12.20 per kilogram of shareholder supplied milksolids before retention for reinvestment.

When determining our payout for the year, we once again sought to balance the near-term needs of our shareholders' farming businesses, with the requirement to continue investing for Tatua's resilience and future prosperity.

With this in mind, we elected to retain $1.70 per kilogram of milksolids for reinvestment, leaving a cash payout to shareholders of $10.50 per kilogram of milksolids.

Alongside the financial performance, notable progress was made on a wide range of initiatives across the business, that together made for one of our most complete years of recent times. These included the implementation of a new customer relationship management system (CRM), go-live of a new learning management system (LMS), tactical capacity and critical plant upgrades, a review of our insurance brokerage arrangements and subsequent broker appointment, consenting of a solar farm, appointment of new distributors in several markets, the near seamless transition of chilled product warehousing providers, and the establishment and progression of a sustainability framework, to highlight just a few.

“We have continued to focus on our specialised dairy offering and further strengthened our sustainability plans to ensure a resilient and sustainable future for our people, animals, environment and communities.”

FOODS II

On 4 April, after an extended period of planning, and with the overwhelming support of shareholders, we committed $85 million to nearly double the production capacity for our range of cream-based consumer and foodservice products.

Following optimisation of our existing Foods plant over the last several years, we had reached a stage where a step change in capacity was required to achieve further business growth and supply unmet demand from our customers in multiple markets.

The establishment of Foods II represents the largest single investment in Tatua’s history and is now well underway. The plant is scheduled to be commissioned in August 2025. It will utilise existing milksolids that will be reprioritised from lower returning bulk ingredient manufacture.

OUTLOOK

We are overall optimistic in outlook as we move into the new financial year, but also conscious of the potential for geopolitical uncertainty to unfavourably disrupt some of our key export markets. We therefore believe it is important for our business to remain well diversified across our product groups, markets and customer base, and we will continue to be deliberate in achieving this.

We are encouraged by the level of demand and the pricing signals for our Ingredient business of caseinate, WPC, and AMF. Combining this with a strong inventory position and forecast record production, we anticipate achieving a favourable revenue position for this important part of the business.

We have a well targeted pipeline of development opportunities to further grow our specialised Nutritionals and Flavours businesses, where we have available capacity, and will continue to optimise our Foods business product mix until additional capacity becomes available with our investment in Foods II.

In the middle of the second quarter, we will begin hiring around 40 additional employees to join us in preparation for the commissioning of Foods II, and the business growth that will follow. They will join the exceptional team of over 430 employees that work together across the Group.

ACKNOWLEDGEMENTS

Firstly, we would like to thank everyone in our team at Tatua for your dedication and commitment in achieving another very complete year.

Thank you also to our shareholders for your full and continued support of the Co-operative, your acknowledgement of the work and efforts of our teams, and all that you do to maintain farm standards and consistent supply of high-quality milk.

We would also like to express our gratitude to the various individuals and organisations who have collaborated with us in all areas of the business throughout the year. We strive to be straightforward and easy to do business with, and genuinely hope this has been your experience in interacting with us.

Finally, a very sincere thank you to all our customers in all our markets for your ongoing business. We look forward to working with you and further strengthening our relationships over the year ahead.

Our sincerest thanks to you all.

Stephen Allen
Chair

Brendhan Greaney
Chief Executive Officer

Sustainable growth

Steady growth of our specialty added value products, combined with stable demand for our bulk ingredients has helped us achieve some record results. We achieved record revenue for both our Foods and Nutritionals businesses, and in our China and USA markets. This was largely the result of growth in specialised ingredients, including specialty cream products, bionutrients, hydrolysates and flavour powders, with revenue growth from caseinates and whey protein concentrate also contributing.

$227m

Record Specialty Products Revenue

$250m

Second Highest Ingredients Revenue

+3%

Record Nutritionals Revenue

+13%

Record Foods Revenue

+4%

Flavour Powders Revenue

+7%

Bionutrients Revenue

+19%

Specialty Cream Products Revenue

+7%

Tatua Shanghai Revenue

+5%

Hydrolysates Revenue

+32%

Tatua USA Revenue

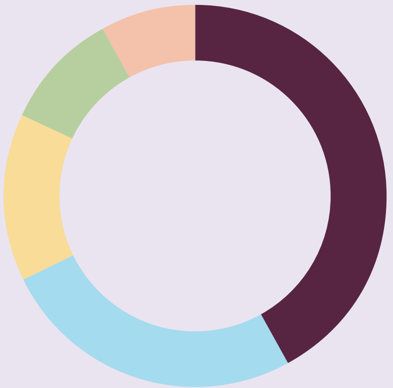
Our global business

Despite challenging economic conditions and global supply chain disruptions, ongoing collaboration with our customers and partners helped to deliver a solid trading result, including record growth in a number of areas.

Our NZ-based sales team further strengthened their customer connections domestically and offshore in Australia and the Pacific, South and East Asia, North Asia, and the Middle East during the year.

Our subsidiary offices in Japan, China and the USA recorded another year of good results, whilst maintaining valuable in-market connections.

Sales by geographic region



North Asia	42%
Oceania	26%
SE Asia	14%
Americas	10%
Europe / MEA	8%

Tatua's international subsidiaries

Japan	China	USA
Est. 2004	Est. 2015	Est. 2015
Team based in Tokyo	Team based in Shanghai	Team based in Pennsylvania

Japan

Business focus:

Specialised nutritional ingredients for human and microbial applications

Flavour ingredients for food and beverage manufacture

Specialty cream products for foodservice and food and beverage manufacturing

Bulk ingredients – caseinates and whey protein concentrate (WPC)

China

Business focus:

Specialised nutritional ingredients for human and microbial applications

Flavour ingredients for food and beverage manufacture

Specialty cream products for foodservice and food and beverage manufacturing

Bulk ingredients – caseinates and whey protein concentrate (WPC)

USA

Business focus:

North America and Europe

Specialised nutritional ingredients for human and microbial applications

Bulk ingredients – caseinates and whey protein concentrate (WPC)

Our key market support, from New Zealand to the world

China

Based in Shanghai, China, our Tatua Shanghai team cover a broad range of products, including ingredients for human and microbial nutrition, flavour ingredients, specialty cream products for foodservice and retail, and bulk ingredients including caseinates, whey protein concentrate and anhydrous milkfat.

Despite the Chinese economy being relatively muted this year, Tatua Shanghai's diversified product offering and specialised ingredients, have enabled another very successful year. Our sales team were focussed on higher value sectors and prioritising our offerings to areas of growth. This year we achieved record volume and revenue in China with double digit growth in many of our specialised products including hydrolysates, bionutrients, specialty cream products and flavour ingredients.

Japan

Based in Tokyo, Tatua Japan's business focus is on nutritional ingredients for human and microbial applications, bulk ingredients including caseinates and whey protein concentrate, dairy flavour ingredients, and specialty cream products for foodservice and food & beverage manufacturing. The 2024 financial year marked 20 years since Tatua Japan's incorporation.

Many of our customers reported improved trading conditions with a return to revenue and operating profit growth during the year. Although protein prices softened on the peaks of recent years, demand for imported dairy products remained robust due to both supply and demand factors. Importantly, the 2024 result reflected the strength of customer partnerships and the stable nature of Tatua Japan's product mix, which includes specialised and bespoke products. Tatua Japan is looking forward to additional capacity becoming available in our Tatua Foods division in 2025 that will support further growth with our valued customers.

USA

Tatua USA's small Pennsylvania-based team continued to focus on providing bespoke nutritional ingredients for human and microbial nutrition, alongside bulk ingredients such as caseinates, whey protein concentrate and anhydrous milkfat across both North America and Europe.

Dairy commodity market volatility presented a difficult environment for caseinate sales. Despite this, the acquisition of new markets set the platform for record revenue for the US business. Additionally, an exciting partnership was formed in Europe for microbial nutrition markets, with ongoing development in hypoallergenic human nutrition sectors showing promise for the coming years.

At the end of the year, we saw a leadership change with Peter Cheplick departing after 10 years of service. Looking ahead, Tatua USA will continue to combine technical expertise, proactive customer service, and in-market logistics to meet the evolving needs of its customers while navigating the dynamic economic landscape.

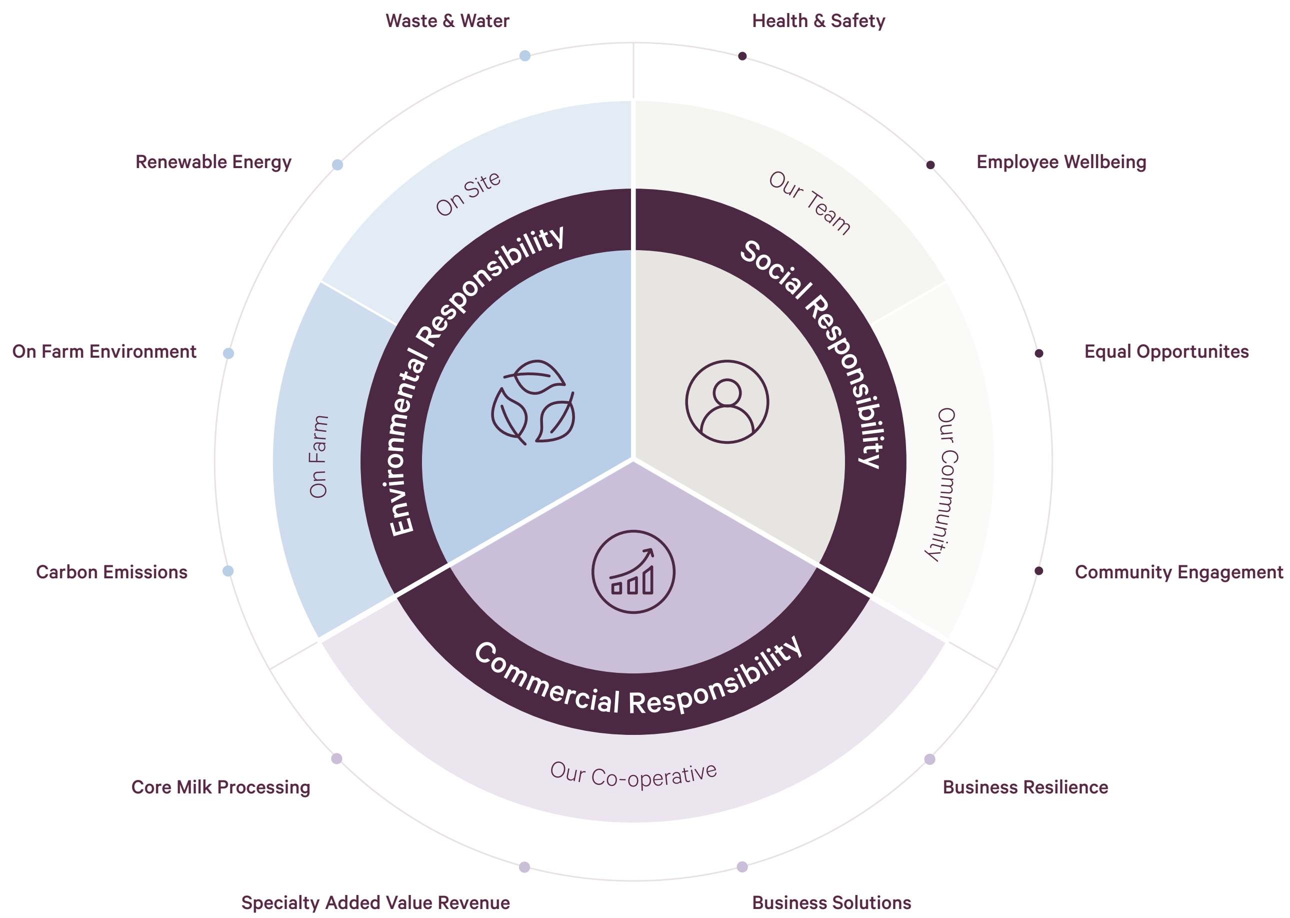
Charting our path for a resilient and sustainable future

We developed our sustainability roadmap which forms the foundation of our commitment to environmental, social and commercial responsibilities as a business, and our journey towards emissions reduction.

Our sustainability performance was independently audited and certified by global business sustainability assessor EcoVadis, placing us in the top 35% of companies in 2024, our highest score since we started annual assessments in 2021.

Scope 1, 2 and 3 emissions of our supply chain were measured and verified by third-party organisation Toitū Envirocare, to ensure baseline transparency and accountability in our reduction efforts. We are pleased to report we have received certification through Toitū's carbonreduce programme, with 2023 as our base year.

Sustainability framework



Our sustainability framework encompasses three key areas of responsibility – environmental, social and commercial, which are underpinned by our pillars:

- Promote responsible farming
- Improve environmental performance
- Care for our people
- Support our community
- Deliver for our co-operative

Environmental responsibility

Our environmental responsibility encompasses our commitment to promoting responsible sustainability throughout our supply chain.

Toitū Envirocare

We validated our emissions inventory across Scope 1, 2, and 3 for the F23 base-year utilising Toitū Envirocare's carbonreduce programme. Toitū Envirocare is New Zealand's leading carbon emissions certification body, accredited by JAS-ANZ. They specialise in helping businesses measure, verify, and manage their greenhouse gas emissions profiles.

EcoVadis

Our sustainability performance was independently audited and certified by EcoVadis, with a 78th percentile sustainability rating on the EcoVadis global platform. The EcoVadis rating covers a broad range of 21 sustainability criteria in four themes: environment; labour & human rights; sustainable procurement; and ethics. Our 2024 overall score is our highest so far.

Sedex

Tatua has a Supplier B member rating on the Sedex online ethical data exchange platform. We are audited by SMETA (Sedex Members Ethical Trade Audit) on standards of labour, health and safety, environment and business ethics. Our most recent SMETA audit was held in 2023.

On-farm environmental responsibility

Tatua 360 is our comprehensive Responsible Farming Programme dedicated to enhancing the sustainability of our supplying farms through ongoing improvement. This initiative underscores our commitment to responsible and sustainable farming practices.

Tatua 360 covers the key areas of environmental stewardship, animal care, farm systems, and milk quality, with a core focus on the welfare and development of our people. By collecting data across these areas, we can trace the entire production story of our products down to the farm level, ensuring transparency and identification of areas requiring support.

Notable achievements of Tatua 360 include developing tailored farm environment plans for all supplying farms, modelling and benchmarking nutrient utilisation and emissions efficiency, conducting annual assessments to ensure safe and hygienic milk harvesting, and reviewing and verifying animal wellbeing plans.

Case study — Wetland focus: water quality and native biodiversity

Tatua farmer shareholder David Sing, along with a group of neighbours, are working to improve water quality and native biodiversity of the local waterways.

David, with the help of Dr Rebecca Eivers, a freshwater ecologist, has designed and constructed a sedge wetland on a small watercourse on David's farm with the aim of measuring and documenting the effects on water quality and increasing native bird and fish species.

With lowland wetlands being some of NZ's most threatened natural ecosystems, protecting and restoring these ecosystems on-farm helps improve in-stream habitat.

"The biodiversity is critical to the lifecycle of the wetland, and relatively inexpensive and easier to establish than trees", says David.

Starting in 2019, upstream neighbour Wayne Berry was planting and measuring water quality on waterways on his farm. In 2020 the wetland on David's farm was planted with sedge and lowland grasses and in 2021 was reflooded. Testing over the last three years, has shown encouraging results notes Rebecca, "showing total nitrogen and phosphorus levels have been reduced by the wetland, and we have seen Banded Kokopu and native eels, and there are signs of Bittern also visiting waterways nearby.

"This type of restoration and re-wetting of an existing riparian wetland area and measuring results has not been done in New Zealand, so we have been building knowledge to share with others in the community", says Rebecca.

The water flow and quality indicators from both upstream and downstream are being measured, as they are interested in the water moving through the wetland to calculate the load retention.

"We are trying to prove that wetlands work and whether this is a suitable system for our class of land on the banks of the Waiharakeke West Stream", says David.

Downstream neighbour Johan van Ras' family farm has also retired land that was often too wet to graze and planted over 8000 native sedge plants, grasses, trees and shrubs in its place. Both farms are part of a Carex sedge planting waterway trial started in 2021 by Waikato Regional Council to shade out invasive weeds, reduce water temperature, reduce nutrient input, provide habitat for fauna and overall reduce the need to dredge drains. In 2023 water monitoring systems were installed in farm waterways nearby to measure the impact the Carex plantings have on water quality.

David, Johan and neighbours Wayne Berry and Dave Muggeridge hope to turn these projects into a showcase for farmers in the area to encourage the wetland conservation and further riparian planting which would also serve to mitigate farm nutrient losses.

On-site environmental sustainability

Environmental sustainability across our manufacturing site focuses on waste minimisation, water saving, and carbon emission management.

For the past several years our manufacturing plants have been implementing tactical initiatives, saving millions of litres of water across our site. Ongoing recycling initiatives have reduced our waste to landfill, while enhancements have improved our supply chain efficiency and sustainability. Our carbon emissions base year was completed in 2023.

Case study — Ultra filtration plant water savings

As part of our cleaning processes, our ultrafiltration (UF) membrane plants use large volumes of demineralised (demin) water. This demin water is produced from fresh water with further treatment to remove minerals. The demand for demin water is high, due to our diverse product mix, and there are times when demand exceeds supply capacity.

We also produce Reverse Osmosis (RO) water which is extracted from milk during whey protein concentrate production. There is excess RO water produced during the middle of the milk season, that is underutilised and goes to waste.

Bringing these two together, a pipework and pumping system investment was made to allow surplus RO water to be utilised in place of demin water for cleaning the UF membrane plants.

This project will save 32 million litres of water each year.

Social responsibility

Caring for our people and communities, through prioritising health and safety, equal opportunities, wellbeing and community engagement.

People are essential to the success of our co-operative, from our shareholder farmers to our operations, technical, administration and sales teams at our Tatuanui manufacturing site, and our sales teams in Japan, China and the USA.

This year we launched our refreshed people strategy, which includes taking a people first approach in the delivery of our strategic themes and priorities. It encompasses the four key focus areas of leadership, culture, talent and future capability. Recent intiatives have included leadership training and development programmes, Clifton Strengths coaching and team sessions, and our regular leadership forum.

Our Wellbeing Steering Committee organised several events to support employee wellbeing this year, including participation in the Kirikiriroa Marathon and Round the Bridges fun run in Hamilton, financial seminars during Money Month, raising awareness for anti-bullying campaign Pink Shirt Day, and fundraising activities for the Cancer Society on Daffodil Day.

We promote positive social, environmental and economic outcomes, by providing community development support where needed. During the year we provided funds for sports, technology and educational activities to four local schools, provided approximately 60 product donations for local community group fundraising activities and participated in speaking engagements and presentations with local schools and community organisations.

In June we celebrated 110 years in business at a joint shareholder and leadership group anniversary dinner.

Commercial responsibility

Delivering business performance for all stakeholders through core milk processing, specialty added value revenue and business resilience.

We have continued to develop business solutions and capability to ensure our business remains resilient and sustainable. During the year we improved our demand management and planning processes, invested in new systems to improve customer management, efficiency and service excellence and started the expansion of our Foods manufacturing plant.

After several years of operating our Foods plant at full capacity, with a focus on tactical optimisation investments, we decided the time was right to invest in a new facility that will effectively double our production capacity of specialised ultra heat treatment (UHT) cream products for food manufacturing, foodservice and retail customers. We are targeting commissioning for August 2025.

Several business process and system optimisation projects were completed within the year, most notably the implementation of a customer relationship management (CRM) system across Marketing and Sales, a reset of Tatua's enterprise-wide sales and operations planning (S&OP) process, and ongoing improvements in business planning and reporting systems within the subsidiaries. This required a concerted effort by many of our people often outside their normal duties and hours. The successful implementation of these initiatives is testament to this commitment.

In addition, we have focused on optimising our core milk processing, ensured ongoing investment in plant and infrastructure to improve processing efficiencies and reduce risk of processing interruptions, along with ensuring business resilience within our manufacturing and administration areas.

Financial Performance Summary

2023/24 In Review

Total Underlying Revenue

$495m

Group Surplus

$12.20

per kilogram of qualifying milksolids

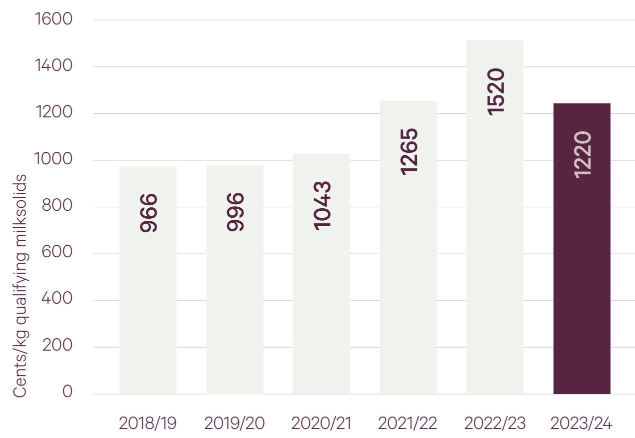
Payout to Shareholders

$10.50

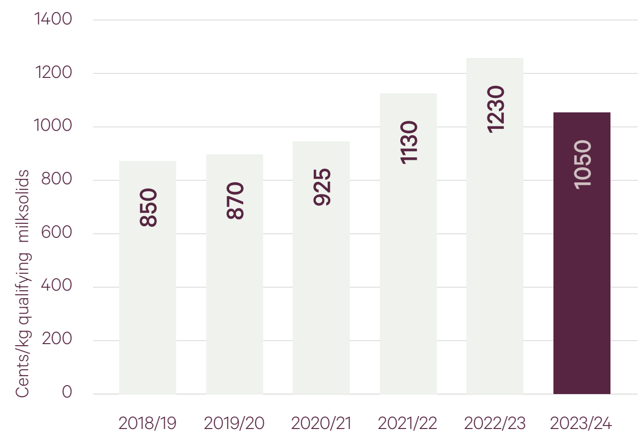
per kilogram of qualifying milksolids

Summary	2023/24	2022/23
Total Milk Received from Shareholders (litres)	167,995,011	165,204,629
Qualifying Milksolids Received from Shareholders (kilograms)	15,161,942	14,821,502
Total Underlying Revenue ($)	495,479,845	535,184,738
Group Profit Before Payout & Tax (cents/kilogram qualifying Milksolids)	1,220	1,520
Group Profit Before Payout & Tax (cents/kilogram Milksolids)	1,218	1,519
Cash Payout to Shareholders (cents/kilogram qualifying Milksolids)	1,050	1,230
Group Depreciation (cents/kilogram qualifying Milksolids)	121	115
Capital Expenditure ($)	35,685,864	19,236,678
Group Assets ($)	392,831,515	365,415,207
Year-End Gearing Ratio: (% Debt to debt plus members funds)	23	16

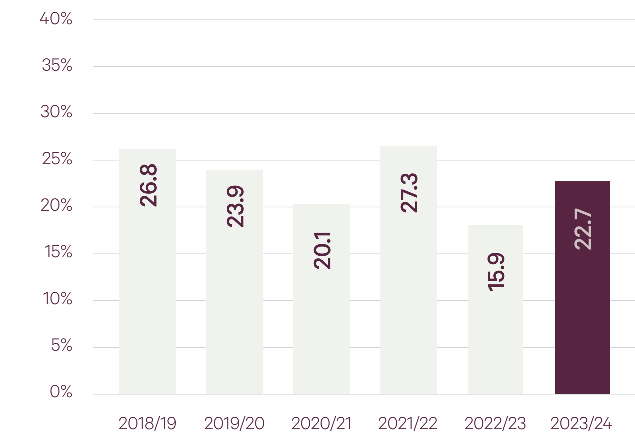
Group Surplus before Payout and Tax



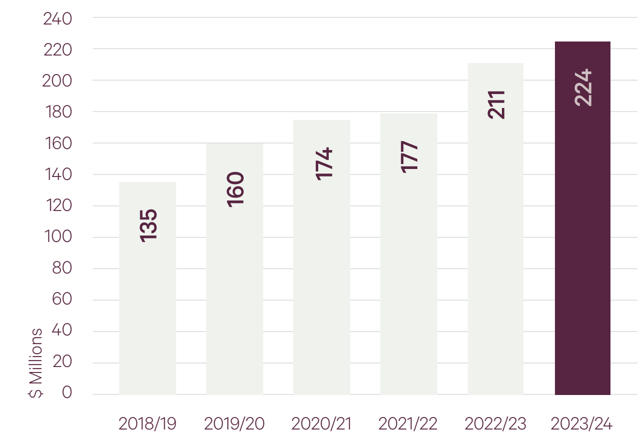
Payout – Income Equivalent



Gearing (% Debt to debt plus members funds)



Members Funds



Statutory information

for the year ended 31 July 2024

Principal Activities

The principal activity of the Group is the collection of milk from shareholders and processing this milk into a diverse range of products for sale in domestic and international markets.

Co-operative Group

The Board of Directors resolved on 31 July 2024 that, in the opinion of the Board, the Group has been a co-operative company during the year ended 31 July 2024 because its principal activity has been processing and marketing products derived from milk supplied by its shareholders and because 100% of the voting rights in the Group are held by those shareholders.

Role of the Board

Tatua's Board of Directors is committed to managing the Group in an ethical and professional manner, and in the best interests of the Group and its Shareholders.

Key responsibilities of the Board include:

- Setting strategic direction and establishing policies to support the effective management of the Group;
- Appointing and reviewing the performance of the CEO;
- Setting the terms of CEO and executive management employment;
- Monitoring the financial performance of the Group, and Tatua's risk management;
- Ensuring that Tatua has robust corporate governance practices;
- Ensuring Tatua's regulatory and legislative compliance; and
- Ensuring Tatua has robust health, safety and wellbeing processes which protect all people associated with the Group.

The Board and Management are committed to continuous improvement and achieving governance practices which meet best practice.

Framework

The Board delegates the day-to-day operations of the Group to the CEO through a framework of formal delegations.

The Group's corporate governance framework includes the Company's Constitution, Charter, Terms of Reference for the Board's Committees and a range of policies including Ethics, Risk Management, Food Safety, Environment, Health and Safety, and policies and procedures for employees.

Board Composition

Pursuant to clause 20.1 of the Constitution of the Company, the number of Directors, including any Appointed Director(s), shall be not less than six nor more than nine. One third of elected directors retire by rotation each year and are eligible for re-election, while appointed directors are appointed for a term not longer than three years, after which they may be re-appointed for a further three year term. Elected directors Stephen Allen and David Muggeridge were re-elected during the year.

Board Meetings Held During the Year

Board Members	Meetings Attended
Stephen Allen (Chair)	7
Louise Cullen	7
Mark Dewdney	7
Julie Langley	7
Richard Luxton	6
David Muggeridge	7
Peter Schuyt	7
David Walsh	6
Board Meetings Held	**7**

Board Committees

People and Remuneration Committee: People and Remuneration Committee: Membership comprises Louise Cullen (Chair), Stephen Allen, Mark Dewdney, Richard Luxton and Peter Schuyt. The function of the Committee is to assist the Board in ensuring the organisation fulfils its remuneration, performance management and organisational development needs. It also assists with senior management appointments.

Audit, Risk and Compliance Committee: Membership comprises David Walsh (Chair), Louise Cullen, Mark Dewdney, Julie Langley, Richard Luxton, David Muggeridge and Peter Schuyt. The function of the Committee is to assist the Board in ensuring the organisation fulfils its audit, legal, financial and risk management obligations and responsibilities. Approval of the annual accounts is undertaken by the full Board.

Responsible Farming Committee: Membership comprises Richard Luxton (Chair), Stephen Allen, Louise Cullen, Julie Langley, and David Muggeridge. The function of the Committee is to assist the Board in ensuring the Group fulfils its governance and related responsibilities in regard to the farming activities of the Group and its supplying shareholders.

Directors' Remuneration

Directors' remuneration is approved by Shareholder resolution at the Annual General Meeting based upon a recommendation from the Directors' Remuneration Committee, which is comprised of non-Director Shareholders. The following persons held office as Director during the year and received the following remuneration:

Stephen Allen	$133,333
Louise Cullen	$84,667
Mark Dewdney	$66,667
Julie Langley	$66,667
Richard Luxton	$84,667
David Muggeridge	$66,667
Peter Schuyt	$67,250
David Walsh	$84,667
	$654,585

Directors' Shareholdings

At 31 July 2024 Directors held the following shares in the Group:

	Beneficially Held	Non-Beneficially Held	Held By Associated Persons
Stephen Allen	3,058,030	-	-
Louise Cullen	3,143,450	-	-
Mark Dewdney	2,639,820	-	-
Julie Langley	883,750	-	-
Richard Luxton	4,059,560	-	-
David Muggeridge	1,373,450	-	-

Directors' Insurance

The Group paid insurance premiums during the year for Directors and Officers Liability Insurance as permitted by the Constitution and the Companies Act 1993. This insurance provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Group or related body corporate) incurred in their capacity as Director or executive employee unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

Employees' Remuneration

During the year to 31 July 2024 the following number of employees of the Group received total remuneration of at least $100,000 NZD. Total remuneration includes salaries, bonus payments, and other benefits received in the capacity as an employee during the year, e.g. company vehicles, insurance and superannuation. Bonus payments may relate to multiple years.

Remuneration	Number of Employees
$100,000 - $109,999	28
$110,000 - $119,999	29
$120,000 - $129,999	44
$130,000 - $139,999	47
$140,000 - $149,999	49
$150,000 - $159,999	37
$160,000 - $169,999	19
$170,000 - $179,999	14
$180,000 - $189,999	15
$190,000 - $199,999	3
$200,000 - $209,999	3
$210,000 - $219,999	2
$220,000 - $229,999	1
$230,000 - $239,999	5
$240,000 - $249,999	2
$250,000 - $259,999	2
$260,000 - $269,999	2
$270,000 - $279,999	1
$280,000 - $289,999	1
$290,000 - $299,999	2
$330,000 - $339,999	2
$340,000 - $349,999	1
$350,000 - $359,999	1
$360,000 - $369,999	1
$390,000 - $399,999	1
$400,000 - $409,999	1
$580,000 - $589,999	1
$760,000 - $769,999	1
$1,270,000 - $1,279,999	1
	316

Donations & Grants

Donations and grants for the year ended 31 July 2024 were $65,000 (Community and Educational Support) (2023: $247,000).

DISCLOSURE OF INTERESTS

Directors have declared that they are to be regarded as having an interest in any contract that may be made with entities below by virtue of their directorship or membership of those entities.

All elected Directors, in their capacity as Supplying Shareholders, conduct business with the Group. Directors who hold shares in the Group do so on the basis that they are Supplying Shareholders.

Director	Position	Company
Stephen Allen	Director	Rangitata GP Ltd
	Director, Shareholder	Claybrook Farms Ltd
	Director, Shareholder	Claybrook No 7 Ltd
	Director, Shareholder	Claybrook South Ltd
	Director, Shareholder	Cheadle Farms Ltd
	Director, Shareholder	Allen Children Ltd
	Trustee	Sarah Ethne Allen Trust
	Trustee	SB & BL Allen Family Trust
	Trustee	David Johnstone Charitable Trust
	Trustee	JES Allen Estate
	Trustee	JR Allen Estate
	Trustee	Annandale Trust
	Partner	Rangitata Dairies LP
	Beneficiary	Allen Children Trust
	Member	Industry Working Group (genetics)
Louise Cullen	Director	AgResearch Ltd
	Director, Shareholder	Cookson Trust Farms Ltd
	Director, Shareholder	Balachraggan Farms Ltd
	Director, Shareholder	Capra Farming Ltd
	Director, Shareholder	Acorn Goats Ltd
	Trustee	Acorn Trust
Mark Dewdney	Independent Chair	New Zealand King Salmon Ltd & Subsidiaries
	Director	Marire General Partner Ltd
	Director, Shareholder	MDLP General Partner Ltd
	Trustee/Beneficiary	Dewdney Family Trust
	Trustee	Marvic Family Trust
	Trustee	Mark Dewdney Family Trust
	Trustee	Vicki Dewdney Trust
	Partner	Matangi Dairies LP
Julie Langley	Director, Shareholder	KM & JL Langley Limited
	Shareholder	Langley Trading Ltd
	Shareholder	Langley Foods Ltd
Richard Luxton	Director, Shareholder	Aslan Farms Ltd
	Director	MDLP General Partner Ltd
	Director	Marire General Partner Ltd
	Director, Shareholder	Marire Holdings Ltd
	Partner	Marire LP
	Partner	Matangi Dairies LP
David Muggeridge	Director, Shareholder	Muggeridge Farms Ltd
	Trustee	DP & MA Muggeridge Family Trust
Peter Schuyt	Director	Tax Management NZ Ltd
	Director	Foodstuffs North Island Ltd
	Director, Shareholder	Ahikouka Holdings Ltd
	Shareholder	Greenleaf Fresh Ltd
	Director, Shareholder	Schuyt Investments Ltd
	Trustee	Schuyt Family Trust
David Walsh	Director	Datam Ltd
	Director	New Zealand Post Australia Holdings Pty Ltd
	Director	Fliway Group Ltd
	Director	Fliway Holdings Ltd
	Director	Fliway International Ltd
	Director	Fliway Logistics Ltd
	Director	Fliway Transport Ltd
	Director	Supply Chain Solutions Ltd
	Director	New Zealand Post Finance Ltd

Balance Sheet

as at 31 July 2024

	Note	GROUP	
		2024 ($)	**2023 ($)**
Current Assets			
Cash and Cash Equivalents	14	29,888,474	34,455,110
Derivatives	18	4,205,046	6,668,769
Receivables and Prepayments	13	66,811,357	58,548,446
Tax Receivable		177,341	317,758
Inventories	12	119,437,609	107,610,206
Biological Assets		908,542	617,144
Total Current Assets		221,428,369	208,217,433
Non Current Assets			
Property, Plant and Equipment	9	161,206,808	144,719,154
Investment Property	11	1,500,000	1,475,000
Intangible Assets	10	2,492,120	3,431,367
Derivatives	18	564,806	2,409,295
Deferred Tax Asset	8	4,709,124	4,275,375
Equity Accounted Investments		930,288	887,583
Total Non Current Assets		171,403,146	157,197,774
Total Assets		**392,831,515**	**365,415,207**
Current Liabilities			
Loans and Borrowings	16	43,855,056	8,761,918
Derivatives	18	5,585,276	3,645,710
Accounts Payable and Accruals	17	33,702,473	28,002,502
Tax Payable		902,285	11,231,821
Owing to Suppliers		30,278,567	36,844,236
Total Current Liabilities		114,323,657	88,486,187
Non Current Liabilities			
Loans and Borrowings	16	51,823,899	65,708,658
Derivatives	18	2,189,413	36,127
Total Non Current Liabilities		54,013,312	65,744,785
Total Liabilities Excluding Co-operative Shares Classified as a Liability		**168,336,969**	**154,230,972**
PLUS Co-operative Shares	15	75,935,135	74,136,046
Total Liabilities		244,272,104	228,367,018
Net Assets		148,559,411	137,048,189
Retained Earnings		140,929,998	123,228,938
Reserves		7,629,413	13,819,251
Equity		148,559,411	137,048,189
Members Funds Memorandum Account:			
Co-operative Shares Classified as a Liability	15	75,935,135	74,136,046
Retained Earnings		140,929,998	123,228,938
Reserves		7,629,413	13,819,251
Total Members Funds		**224,494,546**	**211,184,235**

For and on behalf of the Board:

SB Allen Chairman of Directors
14 October 2024

DJ Walsh Chairman of Audit, Risk and Compliance Committee
14 October 2024

Statement of Comprehensive Income

for the Year Ended 31 July 2024

	Note	GROUP	
		Year Ended 31 July 2024 ($)	**Year Ended 31 July 2023 ($)**
Profit or Loss Items			
Revenue from Contracts with Customers	3	486,407,028	538,535,453
less Payments for Own Milk Supplied		(159,710,153)	(182,500,557)
less Other Cost of Sales		(248,443,993)	(247,111,187)
Gross Profit		78,252,882	108,923,709
plus Other Income	3	1,342,328	876,255
less Sales and Marketing Expenses		(35,766,932)	(36,126,985)
less Administration Expenses	4	(17,041,731)	(14,886,442)
Profit from Operating Activities		26,786,547	58,786,537
Finance Income	6	5,305,074	555,842
less Finance Expenses	6	(6,361,995)	(16,300,085)
Net Finance Expense		(1,056,921)	(15,744,243)
Profit before Income Tax		25,729,626	43,042,294
less Income Tax Expense	7	(8,028,566)	(12,673,305)
Net Profit		**17,701,060**	**30,368,989**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
Movement in Land Revaluation Reserve		(234,949)	(7,785,470)
Items that may be reclassified subsequently to profit or loss:			
Change in Fair Value of Cash Flow Hedges		(8,580,142)	15,372,565
Movement in Foreign Exchange Reserve		222,813	(853,346)
Income Tax on Other Comprehensive Income	8	2,402,440	(4,300,022)
Other Comprehensive Income for the Year		(6,189,838)	2,433,727
Total Comprehensive Income		**11,511,222**	**32,802,716**

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of Changes in Equity

for the Year Ended 31 July 2024

GROUP	Translation Reserve ($)	Hedging Reserve ($)	Revaluation Reserve ($)	Retained Earnings ($)	Total Equity ($)
Balance at 1 August 2022	**659,022**	**(7,320,917)**	**18,047,419**	**92,859,949**	**104,245,473**
Other Comprehensive Income					
Movement in Foreign Exchange Reserve	(853,346)	-	-	-	(853,346)
Movement in Land Revaluation Reserve	-	-	(7,785,470)	-	(7,785,470)
Movement in Hedging Reserve, Net of Tax	-	11,072,543	-	-	11,072,543
Total Other Comprehensive Income	**(853,346)**	**11,072,543**	**(7,785,470)**	**-**	**2,433,727**
Profit for the Period	-	-	-	30,368,989	30,368,989
Total Comprehensive Income	**(853,346)**	**11,072,543**	**(7,785,470)**	**30,368,989**	**32,802,716**
Balance at 31 July 2023	**(194,324)**	**3,751,626**	**10,261,949**	**123,228,938**	**137,048,189**
Balance at 1 August 2023	**(194,324)**	**3,751,626**	**10,261,949**	**123,228,938**	**137,048,189**
Other Comprehensive Income					
Movement in Foreign Exchange Reserve	222,813	-	-	-	222,813
Movement in Land Revaluation Reserve	-	-	(234,949)	-	(234,949)
Movement in Hedging Reserve, Net of Tax	-	(6,177,702)	-	-	(6,177,702)
Total Other Comprehensive Income	**222,813**	**(6,177,702)**	**(234,949)**	**-**	**(6,189,838)**
Profit for the Period	-	-	-	17,701,060	17,701,060
Total Comprehensive Income	**222,813**	**(6,177,702)**	**(234,949)**	**17,701,060**	**11,511,222**
Balance at 31 July 2024	**28,489**	**(2,426,076)**	**10,027,000**	**140,929,998**	**148,559,411**

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of Cash Flows

for the Year Ended 31 July 2024

	Note	GROUP	
		Year Ended 31 July 2024 ($)	**Year Ended 31 July 2023 ($)**
Cash Flows From Operating Activities			
Cash was provided from:			
Receipts from Customers		485,793,745	519,861,618
Interest Received		1,562,888	555,842
		487,356,633	520,417,460
Cash was applied to:			
Payments for Milk		(166,275,822)	(182,709,837)
Payments to Creditors and Employees		(290,971,575)	(284,138,952)
Interest Paid		(6,704,147)	(5,269,088)
Taxation Paid		(16,248,993)	(5,015,049)
		(480,200,537)	(477,132,926)
Net Cash Flows From / (Applied To)			
Operating Activities	20	**7,156,096**	**43,284,534**
Cash Flows From Investing Activities			
Cash was provided from:			
Proceeds From Sale of Property, Plant and Equipment		282,147	99,431
Proceeds From Sale of Investments		169,460	10,000
		451,607	109,431
Cash was applied to:			
Acquisition of Property, Plant and Equipment		(34,865,943)	(18,077,402)
Acquisition of Intangible Assets		(315,864)	(884,983)
		(35,181,807)	(18,962,385)
Net Cash Flows From / (Applied To)			
Investing Activities		**(34,730,200)**	**(18,852,954)**
Cash Flows From Financing Activities			
Cash was provided from:			
Increase in Co-operative Shares	15	3,127,305	3,226,545
Proceeds from Borrowings		21,982,999	5,611,906
		25,110,304	859,448
Cash was applied to:			
Decrease in Co-operative Shares	15	(1,328,215)	(1,376,165)
Repayment of Borrowings		(774,621)	(7,979,004)
		(2,102,836)	(1,376,165)
Net Cash Flows From / (Applied To)			
Financing Activities		**23,007,468**	**(516,717)**
Net Increase / (Decrease) in Cash and Cash Equivalents		(4,566,636)	23,914,863
Add: Opening Cash and Cash Equivalents Balance		34,455,110	10,540,247
Closing Cash and Cash Equivalents Balance	14	**29,888,474**	**34,455,110**

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Notes to the Financial Statements

1	Reporting Entity
2	Basis of Preparation
3	Operating Revenue & Other Income
4	Administration Expenses
5	Personnel Expenses
6	Finance Income & Expense
7	Income Tax Expense
8	Deferred Tax Assets & Liabilities
9	Property, Plant & Equipment
10	Intangible Assets
11	Investment Property
12	Inventories
13	Receivables & Prepayments
14	Cash & Cash Equivalents
15	Members Funds
16	Loans & Borrowings
17	Accounts Payable & Accruals
18	Derivatives
19	Financial Risk Management
20	Reconciliation of Cash Flows from Operating Activities
21	Related Party Transactions
22	Group Entities
23	Subsequent Events

1 — REPORTING ENTITY

The Tatua Co-operative Dairy Company Limited ("Tatua") is a co-operative company domiciled and incorporated in New Zealand, and registered under the Co-operative Companies Act 1996 and the Companies Act 1993. Tatua is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

These financial statements set out the performance, position and cash flows of Tatua and its subsidiaries (the "Group") for the year ended 31 July 2024. At 31 July 2024 the Group consists of The Tatua Co-operative Dairy Company Ltd and its subsidiaries Tatua Japan Co. Ltd, Tatua Dairy Products (Shanghai) Co., Ltd and Tatua USA Ltd. The Group is a producer and marketer of dairy products with sales to both domestic and export markets.

2 — BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis.

(a) Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as appropriate for Tier 1, for-profit entities, NZIFRS and IFRS. Accounting policies have been applied consistently to all periods presented in these financial statements. The financial statements were approved by the Board of Directors on 14 October 2024.

(b) Basis of Measurement

The financial statements are prepared on the historical cost basis except for the following:

— Land is measured at fair value. Refer to Note 9.

— Biological assets are measured at fair value less point-of-sale costs.

— Investment property is measured at fair value. Refer to Note 11.

— Derivative financial instruments are measured at fair value. Refer to Note 18.

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (NZD), which is the Group's functional currency. Monetary assets and liabilities denominated in foreign currencies at the reporting dates are retranslated to the functional currency at the exchange rate at that date. All financial information presented has been rounded to the nearest dollar.

(d) Use of Estimates and Judgement

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 12. - Milk cost included in inventory.

(e) Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, except for Accounts Receivable and Accounts Payable which are stated inclusive of GST.

(f) New Standards and Interpretations

(i) New and amended standards adopted by the Group

No new or amended standards were adopted that had a material impact on the Group's financial statements.

(ii) New and amended standards issued but not yet effective

There are no new standards or interpretations that have a material impact on the Group for the year ending 31 July 2024. The amendment to IAS 1 Presentation of Financial Statements whereby the requirement to make 'material' disclosures replaces 'significant' disclosures, has been considered by the Group with no material impact on disclosures.

3 — OPERATING REVENUE & OTHER INCOME

	GROUP	
	2024 ($)	**2023 ($)**
Revenue from contracts with customers	486,407,028	538,535,453
Other Income		
Rental Income from Investment Property	77,522	75,000
Rental Income from Residential Property	64,073	59,159
Fair Value movement in Investment Property	25,000	(761,000)
Insurance Claim Proceeds	32,085	-
MilkTest NZ LP Income	222,515	232,434
Waste Water Disposal Revenue	301,874	327,900
Sundry Income	619,260	942,762
Total Other Income	**1,342,328**	**876,255**
Total Revenue	**487,749,356**	**539,411,708**

	GROUP	
Analysis of revenue from contracts with customers	**2024 ($)**	**2023 ($)**
Nature of Revenue		
Sale of goods	480,973,284	536,355,339
Royalties/Commissions	5,433,744	2,180,114
	486,407,028	**538,535,453**
Timing of revenue recognition		
At a point in time	464,671,094	518,612,282
Over time	21,735,934	19,923,171
	486,407,028	**538,535,453**
Disaggregation of Revenue		
Australasia (NZ and AUS)	135,996,759	163,054,460
Asia / Pacific	275,427,596	290,600,014
Americas / Europe	73,598,818	84,880,979
Other	1,383,855	-
	486,407,028	**538,535,453**

POLICY

(a) Revenue from contracts with customers

Revenue from the sale of goods is measured based on the consideration specified in a contract with customers, net of returns.

Revenue recognised at a point in time

The Group has assessed that its contracts include two performance obligations, being the supply of goods and the arrangement of and payment for shipping on behalf of the customer. The amount of revenue recorded excludes the amount attributable to shipping costs incurred on behalf of the customer that constitute an agency arrangement.

Revenue is recognised when the performance obligation, being the supply of goods, has been satisfied and control has passed to the customer. Transfer of control varies depending on the individual terms of the contract of sale but for the majority of the Group's export sales, revenue is recognised at the point in time when the goods have been loaded onto a ship at the port of departure. In respect of the majority of domestic sales within New Zealand, control is considered to be transferred to the customer when the goods have dispatched the Tatua warehouse.

Revenue recognised over time

Revenue relating to contract manufacturing is recognised over time. Under these contracts the product is made to a customer's specifications using customer's intellectual property, and if the contract is terminated by the customer then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin.

Revenue is recognised using an output method, when the performance obligation, the production of the contracted goods and acceptance of samples from produced batches, has been satisfied. Revenue is recognised on qualified contract manufacturing stock with predetermined sales prices. Tatua has a right to consideration from contract manufacturing customers for such stock on hand, regardless of the timing of the physical transfer of the goods.

(b) Other Income

Sundry income is measured at the fair value of consideration received or receivable.

(c) Non-GAAP Measure: Total Underlying Revenue

The Group uses a non-GAAP measure when discussing total revenue. This measure is not prepared in accordance with NZ IFRS.

Management believes that this measure provides useful information as it provides valuable insight on the underlying performance of the business as a whole. It may be used internally to evaluate the underlying performance of individual business units and to analyse trends. This measure is not uniformly defined or utilised by all companies and accordingly may not be comparable with similarly titled measures used by other companies. Non-GAAP measures should not be viewed in isolation nor considered as a substitute for measures in accordance with NZ IFRS.

A reconciliation from the NZ IFRS measure of revenue to the Group's non-GAAP measure is detailed below:

	Note	2024 ($)	2023 ($)
Revenue from Contracts with Customers	3	486,407,028	538,535,453
Other Income	3	1,342,328	876,255
Net Foreign Exchange Loss	6	3,742,186	(11,358,198)
Agency Shipping costs offset		3,988,303	7,131,228
Total Underlying Revenue		**495,479,845**	**535,184,738**

4 — ADMINISTRATION EXPENSES

	GROUP	
	2024 ($)	2023 ($)
The following items are included in administration expenses:		
Directors' Fees	654,583	620,624
Directors' Expenses*	117,873	53,542

* Directors expenses include costs incurred by the company on behalf of directors, in the course of carrying out their duties and obligations as directors. The expenses include development, industry and customer meetings and associated travel cost.

	2024 ($)	2023 ($)
Auditors Remuneration (KPMG)		
Audit of Financial Statements	316,619	277,463
Other Services**	86,034	38,399

** Other services are in relation to advice on operational tax matters such as transfer pricing, as well as a share registry assurance engagement.

5 — PERSONNEL EXPENSES

	GROUP	
	2024 ($)	2023 ($)
Wages and Salaries	58,685,724	52,396,240
Superannuation Contributions and Other Employee Related Expenses	5,987,468	5,352,315
Change in Liability for Short-term Employee Benefits (Annual Leave and Days in Lieu)	(31,426)	2,054,149
	64,641,766	**59,802,704**

Personnel expenses are included in cost of sales, sales and marketing expenses and administration expenses.

POLICY — Employee Benefits

Defined Contribution Plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

6 — FINANCE INCOME & EXPENSE

	GROUP	
Recognised in Profit or Loss	2024 ($)	2023 ($)
Interest Income	1,562,888	555,842
Net Foreign Exchange Gain	3,742,186	-
Total Finance Income	**5,305,074**	**555,842**
Net Foreign Exchange Loss	-	(11,358,198)
Financial Overheads	(30,445)	(22,263)
Interest Expense on External Borrowings	(6,331,550)	(4,919,624)
Total Finance Expense	**(6,361,995)**	**(16,300,085)**
Net Finance Income / (Expense)	**(1,056,921)**	**(15,744,243)**

POLICY

(a) Finance Income and Expense

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in profit or loss using the effective interest method, except for those that 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.

(b) Foreign Currency Transactions

Transactions in foreign currencies are translated to NZD at exchange rates at the dates of the transactions. Foreign currency differences arising on translation are recognised in profit or loss.

7 — INCOME TAX EXPENSE

Income Tax Recognised in Profit or Loss	GROUP 2024 ($)	2023 ($)
Current Tax Expense		
Current Period	6,736,799	14,570,455
Adjustment for Prior Periods	(676,925)	(353,747)
	6,059,874	14,216,708
Deferred Tax Expense		
Origination and Reversal of Temporary Differences	1,318,726	(1,873,332)
Adjustment for Prior Periods	649,966	329,929
	1,968,692	(1,543,403)
Total Income Tax Expense	**8,028,566**	**12,673,305**

Reconciliation of Effective Tax Rate	2024 (%)	GROUP 2024 ($)	2023 (%)	2023 ($)
Profit for the Period	-	17,701,060	-	30,368,989
Total Income Tax Expense	-	8,028,566	-	12,673,305
Profit Excluding Income Tax	**-**	**25,729,626**	**-**	**43,042,294**
Income Tax Using the Group's Domestic Tax Rate	28.0	7,204,299	28.0	12,036,917
Impact of Tax Rate in Foreign Countries	(0.3)	(65,370)	0.9	379,881
Investment Property Revaluation	(0.0)	(7,000)	0.5	213,080
Non-deductible Expenses	0.6	144,637	0.3	110,506
Legislative Change of Depreciation on Buildings	3	778,959	(0.1)	(43,260)
Under/(Over) Provided in Prior Periods	(0.1)	(26,959)	(0.1)	(23,819)
	31.2	**8,028,566**	**29.4**	**12,673,305**

Income Tax Recognised Directly in Other Comprehensive Income	GROUP 2024 ($)	2023 ($)
Income Tax on Derivatives	2,402,440	(4,300,022)

Imputation Credits	GROUP 2024 ($)	2023 ($)
Imputation Credits Available for use in Subsequent Reporting Periods	55,101,685	42,901,268

POLICY

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

8 — DEFERRED TAX ASSETS & LIABILITIES

Recognised Deferred Tax Assets and Liabilities – Group	Assets 2024 ($)	Assets 2023 ($)	Liabilities 2024 ($)	Liabilities 2023 ($)	Net 2024 ($)	Net 2023 ($)
Deferred tax assets (liabilities) are attributable to the following:						
Property, Plant and Equipment	-	583,121	(720,446)	-	(720,446)	583,121
Investment Property	-	-	(77,199)	(77,199)	(77,199)	(77,199)
Derivatives	949,442	-	-	(1,452,998)	949,442	(1,452,998)
Inventory	2,381,644	2,745,290	-	-	2,381,644	2,745,290
Provisions and Accruals	2,175,683	2,304,748	-	-	2,175,683	2,304,748
Other items	-	172,412	-	-	-	172,412
Tax Assets /(Liabilities)	**5,506,769**	**5,805,571**	**(797,645)**	**(1,530,197)**	**4,709,124**	**4,275,374**

Movement in Temporary Differences During The Year	Balance 31 July 2022 ($)	Recognised in Profit or Loss ($)	Recognised in Other Comprehensive Income ($)	Balance 31 July 2023 ($)	Recognised in Profit or Loss ($)	Recognised in OCI (may be reclassified subsequently to P&L) ($)	Balance 31 July 2024 ($)
Deferred tax assets and liabilities are attributable to the following:							
Property, Plant and Equipment	430,019	153,102	-	583,121	(1,303,567)	-	(720,445)
Investment Property	(77,199)	-	-	(77,199)	-	-	(77,199)
Derivatives	2,847,024	-	(4,300,022)	(1,452,998)	-	2,402,440	949,442
Inventory	1,728,479	1,016,811	-	2,745,290	(363,646)	-	2,381,643
Provisions and Accruals	2,103,670	201,078	-	2,304,748	(129,065)	-	2,175,683
Other items	-	172,412	-	172,412	(172,412)	-	-
Deferred Tax Assets /(Liabilities)	**7,031,993**	**1,543,403**	**(4,300,022)**	**4,275,374**	**(1,968,690)**	**2,402,440**	**4,709,124**

POLICY

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised based on the ability of the Group to record taxable profits through retentions or through the reclassification of payout. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

9 — PROPERTY, PLANT & EQUIPMENT

GROUP	Land ($)	Land Improve-ments ($)	Buildings ($)	Plant & Equipment ($)	Vehicles ($)	Capital Work in Progress ($)	Right-of-use assets ($)	Total ($)
COST OR DEEMED COST								
Balance at 1 August 2022	22,424,000	3,938,393	62,601,188	229,218,798	3,826,681	24,267,469	2,111,148	348,387,677
Additions	-	19,509	6,233,751	23,064,420	181,622	19,048,231	188,449	48,735,982
Revaluation of Land to Fair Value	(7,765,000)	-	-	-	-	-	-	(7,765,000)
Disposals	-	-	-	(420,798)	(103,531)	-	(529,703)	(1,054,032)
Capitalisation of Work in Progress	-	-	-	-	-	(30,384,287)	-	(30,384,287)
Effect of Movement in Exchange Rates	-	-	-	(17,267)	-	-	(18,250)	(35,517)
Balance at 31 July 2023	**14,659,000**	**3,957,902**	**68,834,939**	**251,845,153**	**3,904,772**	**12,931,413**	**1,751,644**	**357,884,823**
Balance at 1 August 2023	14,659,000	3,957,902	68,834,939	251,845,153	3,904,772	12,931,413	1,751,644	357,884,823
Additions	-	55,918	1,053,571	12,821,094	1,248,658	34,772,704	913,160	50,865,105
Revaluation of Land to Fair Value	(234,949)	-	-	-	-	-	-	(234,949)
Disposals	-	-	-	(408,646)	(1,094,199)	-	(561,347)	(2,064,192)
Capitalisation of Work in Progress	-	-	-	-	-	(15,495,713)	-	(15,495,713)
Effect of Movement in Exchange Rates	-	-	-	(8,269)	-	-	3,726	(4,543)
Balance at 31 July 2024	**14,424,051**	**4,013,820**	**69,888,510**	**264,249,332**	**4,059,231**	**32,208,404**	**2,107,183**	**390,950,531**
DEPRECIATION AND IMPAIRMENTS								
Balance at 1 August 2022	-	2,280,660	21,671,247	169,354,072	2,956,804	-	900,611	197,163,394
Depreciation	-	174,037	1,914,679	14,186,308	350,401	-	476,273	17,101,698
Disposals	-	-	-	(399,849)	(79,652)	-	(615,634)	(1,095,135)
Effect of Movement in Exchange Rates	-	-	-	(962)	-	-	(3,326)	(4,288)
Balance at 31 July 2023	**-**	**2,454,697**	**23,585,926**	**183,139,569**	**3,227,553**	**-**	**757,924**	**213,165,669**
Balance at 1 August 2023	-	2,454,697	23,585,926	183,139,569	3,227,553	-	757,924	213,165,669
Depreciation	-	171,490	2,043,248	15,142,877	524,328	-	583,204	18,465,147
Disposals	-	-	-	(381,317)	(1,071,345)	-	(432,182)	(1,884,844)
Effect of Movement in Exchange Rates	-	-	-	(2,034)	-	-	(215)	(2,249)
Balance at 31 July 2024	**-**	**2,626,187**	**25,629,174**	**197,899,095**	**2,680,536**	**-**	**908,731**	**229,743,723**
CARRYING AMOUNTS								
At 1 August 2022	22,424,000	1,657,733	40,929,941	59,864,726	869,877	24,267,469	1,210,537	151,224,283
At 31 July 2023	**14,659,000**	**1,503,205**	**45,249,013**	**68,705,584**	**677,219**	**12,931,413**	**993,720**	**144,719,154**
At 1 August 2023	14,659,000	1,503,205	45,249,013	68,705,584	677,219	12,931,413	993,720	144,719,154
At 31 July 2024	**14,424,051**	**1,387,633**	**44,259,336**	**66,350,237**	**1,378,695**	**32,208,404**	**1,198,452**	**161,206,808**

POLICY

(a) Recognition and Measurement of Assets at Cost

Items of property, plant and equipment (except land and improvements) are measured at cost less accumulated depreciation and impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Borrowing costs capitalised during the year were $372,597.57 (2023: $349,464).

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Depreciation

Depreciation is recognised in profit and loss on a straight line basis over the estimated useful lives of the items of plant, property and equipment. Land is not depreciated. Depreciation is recognised as part of other cost of sales in the Profit or Loss. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

The Group has established the following useful lives:

- Land Improvements – 10 to 20 years
- Buildings – 5 to 50 years
- Plant and Equipment – 2.5 to 20 years
- Vehicles – 5 to 10 years
- Right-of-use Assets – 2 to 13 years

(c) Impairment

At each reporting date, the Group reviews its assets to determine whether there is any indication of impairment. At 31 July 2024 the Group has determined that no indication of impairment exists.

(d) Recognition and Measurement of Assets at Fair Value

Land is stated at its fair value (Improvements are excluded from this valuation). The fair value of land within property, plant and equipment is based on market values determined by an independent valuer.

A revaluation was undertaken as at 31 July 2024 by Property Advisory Limited and Savills (NZ) Limited, independent registered valuers. The land was valued at $14.424m, a decrease of $234,949 from the last valuation undertaken as at 31 July 2023. The valuation established a market value using a direct sales comparison approach and was undertaken in accordance with the Property Institute of New Zealand (PINZ) International Valuation Standards. Any gain on revaluation is recognised in other comprehensive income and held in equity and any loss is recognised in profit and loss, unless there is a credit balance existing in the revaluation surplus. The value of the land at cost is $4,397,051 (2023: $4,397,051).

Property, Plant and Equipment is categorised within level 2 of the fair value hierarchy.

Capital Commitments

During the period ended 31 July 2024, the Group entered into contracts to purchase plant and equipment. The balance outstanding at balance date is $786,113 (2023: $907,347). These commitments are expected to be settled in the following financial year.

Assets Pledged as Security

All Tatua real properties have been pledged to secure borrowings of the Group with BNZ. Under the terms of the financing facilities, the Group is not allowed to pledge these assets as security for other borrowings without prior consent from BNZ.

10 — INTANGIBLE ASSETS

	GROUP	
	Software ($)	Total ($)
COST		
Balance at 1 August 2022	11,407,005	11,407,005
Additions	884,983	884,983
Disposals	-	-
Balance at 31 July 2023	**12,291,988**	**12,291,988**
Balance at 1 August 2023	12,291,988	12,291,988
Additions	316,474	316,474
Disposals	(53,920)	(53,920)
Balance at 31 July 2024	**12,554,542**	**12,554,542**
AMORTISATION AND IMPAIRMENT LOSSES		
Balance at 1 August 2022	7,509,005	7,509,005
Amortisation for the Year	1,351,616	1,351,616
Disposals	-	-
Balance at 31 July 2023	**8,860,621**	**8,860,621**
Balance at 1 August 2023	8,860,621	8,860,621
Amortisation for the Year	1,255,112	1,255,112
Disposals	(53,311)	(53,311)
Balance at 31 July 2024	**10,062,422**	**10,062,422**
CARRYING AMOUNTS		
At 1 August 2022	3,898,000	3,898,000
At 31 July 2023	**3,431,367**	**3,431,367**
At 1 August 2023	3,431,367	3,431,367
At 31 July 2024	**2,492,120**	**2,492,120**

POLICY

(a) Recognition and Measurement

Intangible assets that are acquired by the Group which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(b) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The amortisation is recognised as part of administration expenses in the Profit or Loss. The estimated useful lives for the current and comparative periods are as follows:

— Software – 2.5 to 10 years

11 — INVESTMENT PROPERTY

	GROUP	
	2024 ($)	2023 ($)
Balance at 1 August	1,475,000	2,236,000
Change in Fair Value	25,000	(761,000)
Balance at 31 July	**1,500,000**	**1,475,000**

POLICY

Investment property is held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in profit or loss and included in 'Other Income'. Investment property comprises land and buildings that are leased to PGG Wrightson Ltd. The fair value of investment property was determined by Savills New Zealand, independent registered valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

Investment property is categorised within level 2 of the fair value hierarchy.

12 — INVENTORIES

	GROUP	
	2024 ($)	2023 ($)
Finished Goods	96,557,155	88,093,633
Raw Materials	22,880,454	19,516,573
Total Inventories	**119,437,609**	**107,610,206**

POLICY

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of milk within inventory is a key judgement as it involves a number of inputs and estimations. The cost of milk within inventory is based on a weighted average of both shareholder supplied milk and third party supplied milk. Shareholder supplied milk is calculated in accordance with the Farmgate Milk Price Manual. The weighted average cost of milk is then separated into three core ingredients, Fat, Whey Protein and Casein Protein, with the Valued Component Ratio (value of fat to protein) being a key input to calculate the separation.

Impairment

Inventories are reviewed for impairment based on their age and/or condition. If any impairment exists the asset is written down to its net realisable value (if any). At balance date there was a provisional write down of $3,065,990 (2023: $3,077,459) relating to inventory that had a net realisable value less than its cost of manufacture

GROUP	2024 ($)	2023 ($)
Inventory valued at net realisable value included in finished goods above:	2,165,371	2,265,083

13 — RECEIVABLES & PREPAYMENTS

	GROUP	
	2024 ($)	2023 ($)
Trade Receivables	59,775,166	54,672,675
Prepayments and Sundries	7,036,191	3,875,771
	66,811,357	**58,548,446**

	USD ($)	AUD ($)	JPY (¥)	CNY (¥)
Trade Receivables Denominated in Foreign Currencies				
2024	12,707,344	4,099,071	1,486,416,337	26,498,286
2023	14,745,178	3,936,049	1,372,461,773	24,087,181

POLICY

The trade receivables are classed as a financial asset at amortised cost. As all receivables are current they are not discounted.

The Group is required to assess for impairment loss on receivables at the time that revenue is recognised. Management has performed an assessment of receivables under the expected loss model and concluded there are no material impairments to be recorded.

14 — CASH & CASH EQUIVALENTS

Cash and Cash Equivalents comprise cash balances and bank overdrafts that are repayable on demand and form an integral part of the Group's cash management. Cash and Cash Equivalents are classified as a financial asset at amortised cost.

	GROUP	
	2024 ($)	2023 ($)
JPY Bank Deposits	7,949,404	9,411,650
USD Bank Deposits	406,584	433,769
CNY Bank Deposits	6,733,347	6,950,662
NZD Bank Deposits	14,799,140	17,659,029
Cash and Cash Equivalents in the Statement of Cash Flows	**29,888,475**	**34,455,110**

15 — MEMBERS FUNDS

Voting Rights – Under the Company Constitution, voting may take place by show of hands, voice or poll. On a poll, one vote may be cast for every whole 1,000kg of qualifying milksolids held. No Shareholder shall cast votes exceeding 5% of the total votes which could be cast if all Shareholders were present and voting.

Redemption Features – Shares are redeemed at nominal value of 50 cents, or paid up value if lower.

POLICY

Shares in the co-operative are held in proportion to the current or expected milk supply. The share standard is ten 50 cent shares for every kilogram of qualifying milksolids. Shares are issued or redeemed annually to ensure compliance with the share standard. Due to their redemption nature, shares are classified as a liability in the balance sheet. When the Group performs a bonus share issue, with new shares issued at the same rate as existing shares, retained earnings is decreased to match the increase in co-operative shares.

Movements in the Group's Issued Shares were as follows:

	2024		2023	
	Shares	($)	Shares	($)
Shares at the beginning of the Year	148,272,090	74,136,045	144,571,330	72,285,665
Shares Issued	6,254,610	3,127,305	6,453,090	3,226,545
Shares Repurchased	(2,656,430)	(1,328,215)	(2,752,330)	(1,376,165)
Fully Paid Shares at the end of the Year	**151,870,270**	**75,935,135**	**148,272,090**	**74,136,045**

	2024		2023	
TREASURY STOCK	Shares	($)	Shares	($)
Shares at the beginning of the Year	4,037,805	2,018,903	7,738,565	3,869,283
Shares Issued	(6,254,610)	(3,127,305)	(6,453,090)	(3,226,545)
Shares Repurchased	2,656,430	1,328,215	2,752,330	1,376,165
Balances at the end of the year	**439,625**	**219,813**	**4,037,805**	**2,018,903**

RESERVES

Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Revaluation Reserve

The revaluation reserve relates to the revaluation of land and improvements.

Retained Earnings

All retained earnings are attributable to equity holders of the Group.

Treasury Stock

When shares recognised as members funds are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from members funds. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in members funds.

16 — LOANS & BORROWINGS

Interest-bearing borrowings are classified as financial liabilities and are measured at amortised cost using the effective interest rate.

	2024 ($)	2023 ($)
Current		
JPY Bank Loans	3,314,917	3,559,536
USD Bank Loans	5,083,023	4,863,025
NZD Bank Loans	35,000,000	-
Lease Liabilities	457,116	339,357
	43,855,056	**8,761,918**
Non Current		
NZD Bank Loans	51,000,000	65,000,000
Lease Liabilities	823,899	708,658
	51,823,899	**65,708,658**
Total Loans and Borrowings	**95,678,955**	**74,470,576**

2024	Currency	Nominal Interest Rate	Year of Maturity	Face Value	Carrying Amount (NZD)
Current	JPY	1.28%	2025	300,000,000	3,314,917
	USD	6.04%	2025	3,000,000	5,083,023
	NZD	6.38%	2025	35,000,000	35,000,000
	NZD	1.33%-8.04%	2025	457,116	457,116
Non Current	NZD	6.47%-6.59%	2026-2027	51,000,000	51,000,000
	NZD	1.33%-8.04%	2025 - 2034	823,899	823,899

2023	Currency	Nominal Interest Rate	Year of Maturity	Face Value	Carrying Amount (NZD)
Current	JPY	1.07%-1.325%	2023	310,000,000	3,559,536
	USD	6.34%	2023	3,000,000	4,863,025
	NZD	7.52%	2023	-	-
	NZD	2.94%-4.15%	2023	339,357	339,357
Non Current	NZD	6.57%-6.82%	2025 - 2026	65,000,000	65,000,000
	NZD	2.94%-4.15%	2024 - 2033	708,658	708,658

The Group's bank loans are secured by registered first mortgages, preferred security interest in all present and after acquired property, and an interlocking guarantee from companies within the Group. The Group's borrowings are subject to various covenants such as minimum equity, interest cover ratio and gearing ratio and the Group was in compliance with the various covenants.

The Group has committed (but undrawn) facilities with expiry dates through to 2027 of NZD $94 million, JPY 700 million (2023: NZD $40 million, JPY 690 million). The JPY and USD loans are held by the respective subsidiaires.

17 — ACCOUNTS PAYABLE & ACCRUALS

	GROUP	
	2024 ($)	2023 ($)
Trade Payables	14,187,650	11,664,873
Employee Entitlements	10,987,003	11,018,429
Income in Advance	(16,612)	447,015
Accruals	8,544,432	4,872,185
Total Accounts Payable and Accruals	**33,702,473**	**28,002,502**

POLICY

Trade payables are recognised at the amount invoiced, and are not discounted due to their short-term nature. Employee entitlements which remain unused at balance date, and amounts expected to be paid under short-term cash bonus plans are accrued for.

18 — DERIVATIVES

The Group has a policy of monitoring interest rate movements and where appropriate taking out interest rate cover. The Group currently has a number of interest rate swaps in place.

Notional Amounts	Less than 12 Months	More than 12 Months	Total
2024 Interest Rate Hedges	5,000,000	42,000,000	47,000,000
2023 Interest Rate Hedges	12,000,000	20,000,000	32,000,000

	GROUP	
	2024 ($)	2023 ($)
Fair Value		
Current Liabilities	-	-
Non Current Liabilities	(404,801)	-
Current Assets	122,587	340,420
Non Current Assets	248,187	893,261
Net Fair Value of Interest Rate Hedges	**(34,027)**	**1,233,681**

Foreign Currency Hedges

The Group's foreign exchange rate contracts and options notional amounts and fair values are presented below. The Group uses zero cost collar structures for option contracts. All options are bought options. Exposure is covered in Note 19.

2024		Less than 12 Months	More than 12 Months	Total
Foreign Exchange Contracts	Buy	261,267,915	106,282,439	367,550,354
	Sell	-	-	-
Option Contracts	Call	34,086,891	-	34,086,891
	Put	(31,971,740)	-	(31,971,740)

2023		Less than 12 Months	More than 12 Months	Total
Foreign Exchange Contracts	Buy	267,600,230	63,897,169	331,497,399
	Sell	-	-	-
Option Contracts	Call	6,590,240	-	6,590,240
	Put	(6,226,780)	-	(6,226,780)

Fair Value	2024 ($)	2023 ($)
Current Assets	4,082,459	6,328,348
Non Current Assets	316,620	1,516,034
Current Liabilities	(5,585,276)	(3,645,710)
Non Current Liabilities	(1,784,612)	(36,127)
Net Fair Value of Foreign Currency Hedges	**(2,970,809)**	**4,162,545**

POLICY

Derivatives are recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated into an effective hedge relationship.

The Group's derivatives are classified as being within Level 2 of the fair value hierachy. The fair value of forward exchange contracts is determined using forward exchange rates at balance sheet date, with the resulting value discounted back to present value. The fair value of option contracts is determined using forward exchange rates and other inputs required for the Black Scholes option pricing model. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Hedge Accounting

All derivatives are classified as cash flow hedges.

The effective portion of changes in the fair value of the hedging instruments are recognised in other comprehensive income and accumulated in the hedging reserve.

The following are recognised in profit or loss:

— any gain or loss relating to the ineffective portion of the hedging instrument; and

— fair value changes in the hedging instrument previously accumulated in other comprehensive income, in the periods when the hedged item is recognised in profit or loss.

Once hedging is discontinued, any cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss either:

— at the same time as the forecast transaction; or

— immediately if the transaction is no longer expected to occur.

There have been no ineffective hedges in the period.

19 — FINANCIAL RISK MANAGEMENT

Capital Management

The Group's members funds include co-operative shares, reserves and retained earnings. The Group's policy is to maintain a strong members funds base so as to maintain Shareholder, creditor and market confidence and to sustain future development of the business.

The Group's objective is to provide returns for Shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group distributes its profit by way of payout. However, in order to retain or modify the capital structure, the Group may decide to retain profits within the business.

The Board primarily monitors capital on the basis of the gearing ratio. As at 31 July 2024 the gearing ratio was 22.66% (2023: 15.93%). This ratio is calculated as net interest bearing debt divided by total capital. Net interest bearing debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as members funds plus net interest bearing debt. Tatua is a co-operative company, and as such, members funds change in proportion to milk supplied (Refer Note 15). The Group is required to meet certain ratios under its bank covenants, which have been met, including a requirement that Group members funds be not less than $70,000,000 (2023: $70,000,000). The Group is not subject to any other externally imposed capital requirements.

There have been no material changes in the Group's management of capital during the period.

Quantitative Disclosures

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Group's business.

a. Credit Risk

The Group's exposure to credit risk is mainly influenced by its customer base. There is no risk concentration either geographically or by sector.

Tatua has a credit policy under which each customer is assessed for credit worthiness and assigned a credit limit. Where available the Group reviews external credit reports for both country and customer risk. Credit limits are reviewed on a regular basis. The Group's credit policy requires certain risk mitigations such as insurance, letters of credit or prepayment depending on the country and/or customer.

The Group does not require collateral for trade and other receivables. However, where practicable, purchase money security interests over New Zealand-based customers are registered on the Personal Property and Securities Register.

The Group is required to assess for impairment loss on receivables at the time that revenue is recognised. Management has performed an assessment of receivables under the expected loss model and concluded that as the Group's control over receivables has resulted in very few bad debts, expected losses are not material.

The carrying amount of financial assets represents the Group's maximum credit exposure. The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status. The Group's maximum exposure to credit risk for trade and other receivables, by geographic region, is as follows:

	Carrying Amount	
	2024 ($)	2023 ($)
Australasia (NZ and AUS)	20,462,095	15,910,196
Asia / Pacific	31,293,043	26,925,759
Americas / Europe	8,020,028	11,807,118
Other	-	29,602
Total Trade Receivables (Note 13)	**59,775,166**	**54,672,675**

The status of the Group trade receivables at the reporting date is as follows:

	Gross Receivable 2024 ($)	Impairment 2024 ($)	Gross Receivable 2023 ($)	Impairment 2023 ($)
Not Past Due	56,685,386	-	48,008,665	-
Past Due 0-30 days	3,745,695	-	6,654,826	-
Past Due 31-120 days	(655,915)	-	9,184	-
Total Trade Receivables (Note 13)	**59,775,166**	**-**	**54,672,675**	**-**

b. Liquidity Risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from financial liabilities and has credit lines in place to cover any timing differences.

The following table sets out the contractual cash flows for all Group financial liabilities that are settled on a gross cash flow basis, and includes future contractual interest payments.

GROUP		2024 Balance Sheet ($)	Contractual Cash Flows ($)	Less than 12 Months ($)	1-2 Years ($)	More Than 2 Years ($)
Non-Derivative Financial Liabilities	**Note**					
Loans and Borrowings	16	(95,678,956)	(105,454,749)	(49,537,262)	(38,500,467)	(17,417,020)
Accounts Payable and Accruals	17	(22,732,081)	(22,732,081)	(22,732,081)	-	-
Owing to Suppliers		(30,278,567)	(30,278,567)	(30,278,567)	-	-
Co-operative Shares		(75,935,135)	(75,935,135)	(75,935,135)	-	-
Total Non-Derivative Financial Liabilities		**(224,624,739)**	**(234,400,532)**	**(178,483,045)**	**(38,500,467)**	**(17,417,020)**
Derivative Financial Liabilities						
Interest Rate Swaps		(404,801)	(404,801)	-	-	(404,801)
Options Contracts		(2,228,599)	(2,228,599)	(2,158,789)	(69,810)	-
Forward Exchange Contracts						
- Outflow		(5,141,289)	(243,518,570)	(156,234,512)	(87,284,058)	-
- Inflow		-	238,377,281	152,808,026	85,569,255	-
Total Derivative Financial Liabilities		**(7,774,689)**	**(7,774,689)**	**(5,585,275)**	**(1,784,613)**	**(404,801)**

GROUP		2023 Balance Sheet ($)	Contractual Cash Flows ($)	Less than 12 Months ($)	1-2 Years ($)	More Than 2 Years ($)
Non-Derivative Financial Liabilities	**Note**					
Loans and Borrowings	16	(74,470,576)	(85,415,302)	(13,427,315)	(4,383,566)	(67,604,420)
Accounts Payable and Accruals	17	(16,537,058)	(16,537,058)	(16,537,058)	-	-
Owing to Suppliers		(36,844,236)	(36,844,236)	(36,844,236)	-	-
Co-operative Shares		(74,136,046)	(74,136,046)	(74,136,046)	-	-
Total Non-Derivative Financial Liabilities		**(201,987,916)**	**(212,932,642)**	**(140,944,656)**	**(4,383,566)**	**(67,604,420)**
Derivative Financial Liabilities						
Interest Rate Swaps		-	-	-	-	-
Options Contracts		(516,486)	(516,486)	(516,486)	-	-
Forward Exchange Contracts						
- Outflow		(3,165,351)	(103,687,166)	(89,713,546)	(13,973,620)	-
- Inflow			100,521,815	86,584,321	13,937,493	-
Total Derivative Financial Liabilities		**(3,681,837)**	**(3,681,838)**	**(3,645,712)**	**(36,126)**	**-**

c. Foreign Currency Exchange Risk

The Group is exposed to foreign currency risk predominantly on sales that are denominated in a currency other than the Group's functional currency. The New Zealand dollar is the presentation currency of the Group. The currencies in which transactions are primarily denominated are United States dollars, Japanese yen, Chinese yuan and Australian dollars.

The Group has a policy of maintaining a level of foreign currency hedging that allows for a degree of certainty in its future cash flows and to help protect it against sudden movements in the value of the New Zealand dollar against the United States dollar, Japanese yen, Chinese yuan and Australian dollar. The Group uses forward exchange contracts and currency options to hedge its foreign currency exposure. All of the forward exchange contracts and options have maturities of less than two years at balance date.

The Group classifies its forward exchange and option contracts, which are hedging forecast transactions, as cash flow hedges. There have been no ineffective hedges in the period.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item under the hypothetical derivative method.

The Group's exposure to foreign currency risk for the next 12 months can be summarised as follows:

2024	USD ($)	AUD ($)	CNY (¥)	JPY (¥ - 000's)
Net Cash Flow Exposure Before Hedging	98,042,976	33,226,868	432,730,033	6,108,507
less Foreign Exchange Contracts and Options	(80,050,000)	(25,000,000)	(327,500,000)	(4,960,000)
Net Unhedged Exposure	**17,992,976**	**8,226,868**	**105,230,033**	**1,148,507**

2023	USD ($)	AUD ($)	CNY (¥)	JPY (¥ - 000's)
Net Cash Flow Exposure Before Hedging	121,681,454	31,848,981	334,735,664	5,134,115
less Foreign Exchange Contracts and Options	(97,000,000)	(24,000,000)	(217,500,000)	(3,300,000)
Net Unhedged Exposure	**24,681,454**	**7,848,981**	**117,235,664**	**1,834,115**

The Group also has foreign currency loans in foreign currency operations to minimise the translation risk in those locations.

d. Interest Rate Risk – Repricing Analysis

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances and advances, bank overdraft and borrowings. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item under the hypothetical derivative method.

The Group's exposure to interest rate risk can be summarised as follows:

2024	NZD ($)	USD ($)	AUD ($)	CNY (¥)	JPY (¥)	EUR (€)
Cash and Cash Equivalents	11,941,659	114,350	1,186,362	29,166,285	741,156,284	728,917
Loans and Borrowings	(86,000,000)	(3,000,000)	-	-	(300,000,000)	-
Interest Rate Swaps	47,000,000	-	-	-	-	-
Net Unhedged Exposure	**(27,058,341)**	**(2,885,650)**	**1,186,362**	**29,166,285**	**441,156,284**	**728,917**

2023	NZD ($)	USD ($)	AUD ($)	CNY (¥)	JPY (¥)	EUR (€)
Cash and Cash Equivalents	14,707,772	246,953	273,040	6,360,127	836,237,428	428,616
Loans and Borrowings	(65,000,000)	(3,000,000)	-	-	(310,000,000)	-
Interest Rate Swaps	32,000,000	-	-	-	-	-
Net Unhedged Exposure	**(18,292,228)**	**(2,753,047)**	**273,040**	**6,360,127**	**526,237,428**	**428,616**

e. Reserve Reconciliation

	Carrying Amount	
	Foreign Exchange Hedging Reserve	Interest Rate Swap Hedging Reserve
Balance at 1 August 2023	**(2,517,944)**	**(1,233,681)**
Change in Fair Value of the FEC contracts	6,210,743	-
Change in unrealised gains & losses on foreign exchange hedges (FEC & OPTIONS) relating to debtors	179,078	-
Change in Time Value of Options	741,612	-
Change in the Intrinsic Value of Options	181,000	-
Change in the Fair Value of the interest rate swap	-	1,267,708
Deffered tax on FX Hedging Reserve	(2,402,440)	-
Balance at 31 July 2024	**2,392,049**	**34,027**

f. Sensitivity Analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates will have an impact on profit.

Interest Rates:
At 31 July 2024 it is estimated that a general increase of one percentage point in NZ interest rates would decrease Group profit before income tax by approximately $542,339 (2023: $532,356). Interest rate swaps have been included in this calculation.

Foreign Exchange Rates:
The Group has a foreign exchange policy to mitigate the risk associated with the fluctuations in the value of the New Zealand Dollar. At 31 July 2024 it is estimated that a general decrease of one cent in the NZD/USD exchange rate would increase the Group's total comprehensive income by $5,958,801 (2023: increase by $4,416,731). Foreign exchange hedging has been included in this calculation.

20 — RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Year Ended 31 July 2024 ($)	Year Ended 31 July 2023 ($)
Profit (Loss) for the Year	17,701,060	30,368,989
Adjustments for Non Cash Items		
Depreciation	18,465,147	17,101,694
Amortisation of Intangible Assets	1,255,112	1,351,616
Movement in Deferred Tax	(433,749)	2,756,618
Revaluation of Investment Property	(25,000)	761,000
Revaluation of Biological Assets	(361,117)	(289,387)
Movement in Investments	(212,166)	(232,366)
Loss/(Gain) on Sale of Property, Plant and Equipment	(231,356)	(54,603)
Movement in PPE Interest Capitalisation	(372,598)	(349,464)
Total Non Cash Items	18,084,273	21,045,109
Movements in Working Capital		
Trade and Other Receivables	(8,122,494)	(7,576,988)
Derivatives	2,446,174	(6,134,913)
Inventories	(11,827,403)	7,538
Biological Assets	69,721	462,507
Owing to Suppliers	(6,565,669)	(209,280)
Trade and Other Payables	(4,629,566)	5,321,573
Total Movements in Working Capital	(28,629,237)	(8,129,563)
Net Cash Flows From/(Applied to) Operating Activities	**7,156,096**	**43,284,535**

Items classified as Investing/Financing Activities relate to movements in the hedging reserve and translation reserve as well as amounts owing for the repurchase of shares.

21 — RELATED PARTY TRANSACTIONS

Directors and Shareholders

Directors and Shareholders may conduct business with the Group in the normal course of their business.

Key Management Personnel

Compensation	Year Ended 31 July 2024 ($)	Year Ended 31 July 2023 ($)
Short Term Employee Benefits	2,594,724	2,801,307
Long Term Employee Benefits	-	-
	2,594,724	**2,801,307**

Transactions and Balances with Key Management Personnel

Key management personnel may conduct business with the Group.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows: Nil (2022: Nil).

Transactions and Balances with Other Related Parties

Elected Directors conduct business with the Group in the normal course of their business activities.

The Group has paid directors' fees of $654,583 (2023: $620,624), which is separately disclosed within the directors' report.

The following entities are considered related parties because they have common directors:

Related Party	Director	Amounts Paid ($)	Payable 31 July 2024 ($)	Amounts Received ($)	Receivable 31 July 2024 ($)	Amounts Paid 2023 ($)	Amounts Received 2023 ($)	Receivable 31 July 2023 ($)
Foodstuffs North Island	Peter Schuyt	352,966	33,696	5,834,903	708,822	357,252	6,255,810	661,545
AgResearch Limited	Louise Cullen		42,205	-	-		-	-
		352,966	**75,901**	**5,834,903**	**708,822**	**357,252**	**6,255,810**	**661,545**

Tax Management NZ Ltd (Peter Schuyt) - During the year the group utilised the services of Tax Management NZ Ltd to make tax payments through to the IRD in the ordinary course of business.

	Value of Transactions 2024 ($)	Balance Outstanding 31 July 2024 ($)	Value of Transactions 2023 ($)	Balance Outstanding 31 July 2023 ($)
Directors' Farm Supply (included in Owing to Suppliers)	15,309,497	2,615,780	17,616,122	3,283,670

22 — GROUP ENTITIES

	Country of Incorporation	Ownership Interest	
		2024	2023
Subsidiaries			
Tatua Japan Limited	Japan	100%	100%
Tatua USA Limited	USA	100%	100%
Tatua Dairy Products (Shanghai) Co., Ltd	China	100%	100%
Equity Accounted Investee			
MilkTest NZ LP	New Zealand	10%	10%

POLICY

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has rights or exposure to variable returns from its involvement with the entity, and the ability to use its power over the entity to affect the amount of the entity's return. In assessing control, potential voting rights are only considered if the rights are substantive. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Equity Accounted Investees (Joint Ventures)

Joint ventures are those arrangements in which the Group has contractually agreed to share control and where the Group has rights to the net assets rather than rights to the assets and obligations for the liabilities. Joint ventures are initially recognised at cost (including any goodwill identified on acquisition). Subsequent to initial recognition they are accounted for using the equity method in the consolidated financial statements. The consolidated financial statements include the Group's share of the profit or loss after tax of joint ventures after adjustments to align the accounting policies of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the gain or loss on disposal.

23 — SUBSEQUENT EVENTS

There were no material events subsequent to 31 July 2024 that would impact these financial statements.

Independent Auditor's Report

To the shareholders of The Tatua Co-operative Dairy Company Limited (**Group**)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated balance sheet as at 31 July 2024;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including material accounting policy information and other explanatory information

In our opinion, the accompanying consolidated financial statements of The Tatua Co-operative Dairy Company Limited (the **Company**) and its subsidiaries (the **Group**) on pages 32 to 60 present fairly in all material respects:

- the Group's financial position as at 31 July 2024 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of The Tatua Co-operative Dairy Company Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided another service to the Group in relation to tax advice and a share registry assurance engagement. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $3.6m determined with reference to a benchmark of the Group's total revenue. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

KPMG

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Inventory – Milk Cost	
Refer to Note 12 of the financial statements. The Group has inventory of $119 million (2023: $108 million) which represents 30.4% of total assets. A significant portion of the cost of finished goods inventory is represented by an estimated cost for milk solids supplied by co-operative shareholders and actual cost for milk produced by other suppliers. The Group has determined that the estimated cost of the milk solids supplied from co-operative shareholders is best represented by the Farmgate Milk Price calculated in accordance with the Farmgate Milk Price Manual. A model is prepared to calculate the weighted average cost of milk solids supplied from both co-operative shareholders and other suppliers. The weighted average cost of milk solids supplied is then split into the individual cost for three core product ingredients (Fat, Whey protein and Casein protein). The model incorporates a number of significant inputs, including the Farmgate Milk Price, purchased milk cost from other suppliers, and a valued component ratio of fat to protein. The judgment required to consider these variabilities and uncertainties are the reason we have considered this a key audit matter.	Our audit procedures included, among others, challenge of management's significant input assumptions in the model. We considered the appropriateness of management's use of the Farmgate Milk Price as the best estimate of the cost of milksolids supplied from the co-operative shareholders. We compared the Farmgate Milk Price used to the publicised rate for the 2023/24 season. We compared a sample of purchased whole milk and cream from other parties to their respective invoices. We compared the valued component ratio of fat to protein in the model to the ratio that was physically paid to farmers based on their fat and protein supply split during the 2023/24 season. We checked that the split of protein into its casein and whey components was calculated correctly. We checked that the mechanics of the model were calculating correctly and were consistent with the prior year. We did not identify material exceptions from the procedures performed and found the judgements and assumptions to be balanced and consistent.

Other information

The Directors, on behalf of the Group, are responsible for the other information. The other information comprises information included in the Annual Report such as Directory, 2023/2024 In Review and Statutory Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

KPMG

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of directors for the consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error;
- assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Murray Dunn.

For and on behalf of:

KPMG

KPMG
Hamilton
14 October 2024

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Auditors

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SB Allen

General Manager Finance & Corporate Administration

ML Bull

General Manager Co-operative Affairs

PJ van Boheemen

Chief Executive Officer

BA Greaney

General Manager Operations

TA Keir

General Manager Strategic Projects

TA Winter

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PM Schuyt
DJ Walsh

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ED Morrison

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PA Pilkington

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