Canadian Dairy Commission
Commission canadienne du lait

Quarterly Financial Report

Third quarter
February to April 2016

DM383325

Canada

Contents

Quarterly Financial Report
Third quarter (Q3) – January to April 2016

Management Discussion and Analysis

The following discussion and analysis of the operating results and financial position of the Canadian Dairy Commission (CDC) for the quarter ending April 2016 should be read in conjunction with the financial statements enclosed herein and the 2014-2015 Annual Report.

1. Basis of Preparation

This discussion was prepared in accordance with the Treasury Board Standard on Quarterly Financial Reports for Crown Corporations (Treasury Board Standard). This narrative discussion is not intended to be a full Management Discussion and Analysis (MD&A). Disclosures and information in the Canadian Dairy Commission's July 31, 2015 annual report are assumed to apply to the current quarter unless otherwise updated below.

The financial statements are unaudited and have been prepared in Canadian dollars in accordance with International Accounting Standard 34, *Interim Financial Reporting* (IAS 34) and the Treasury Board Standard. This narrative discussion and the accompanying financial statements were reviewed and approved by the CDC Board of directors.

2. Financial Results

Domestic Activities

	For the quarter ended April 30			For the nine months ended April 30		
(in thousands)	2016	2015	$ change	2016	2015	$ change
Domestic sales revenue	$ 31,149	$ 33,152	$ (2,003)	$ 146,561	$ 174,235	$ (27,674)
Cost of goods sold - domestic	$ 23,853	$ 27,517	$ (3,664)	$ 123,482	$ 151,344	$ (27,862)
Transport and carrying charges	$ 1,917	$ 930	$ 987	$ 4,664	$ 3,029	$ 1,635
Finance costs	$ 55	$ 37	$ 18	$ 158	$ 216	$ (58)
Gross profit on domestic sales	**$ 5,324**	**$ 4,668**	**$ 656**	**$ 18,257**	**$ 19,646**	**$ (1,389)**

The CDC purchases and sells butter and skim milk powder (SMP) in order to regulate the supply of dairy products in the domestic market throughout the year.

Year-to-date (YTD) domestic sales revenues decreased by 16% compared to the same period last year. This is partly due to a decrease in the quantity of Plan B butter sold as a result of lower inventories this year compared to last. The decrease in sales of Plan B butter had no material effect on the gross profit as this butter is purchased and resold by the CDC at support price.

Another factor contributed to the decrease in revenues but also to the decrease in gross profit: a lower average selling price for sales of Class 4(m) SMP to animal feed manufacturers. The decline in world market prices for whey protein concentrate and skim milk powder explains the decrease in average selling price.

The decrease in domestic sales revenues and gross profit was partly offset by an increase in sales of imported butter at a higher average selling price. A total of 7,580 tonnes of imported butter have been sold so far this year compared to 3,996 tonnes at the same period last year. Tight supplies of Canadian butter in the first 3 quarters of the 2015-2016 dairy year required that the CDC obtain supplementary import permits for a total of 8,400 tonnes of butter, in addition to its butter TRQ of 3,274 tonnes.

Q3 results for 2015-2016 reported an increase in gross profit of $0.66 million compared to the same period last year. This is mainly the result of the increase in sales of imported butter during that period, as explained above.

Export Activities

	For the quarter ended April 30			For the nine months ended April 30		
(in thousands)	2016	2015	$ change	2016	2015	$ change
Export sales revenue	$ 5,641	$ 11,681	$ (6,040)	$ 19,251	$ 19,607	$ (356)
Cost of goods sold - exports	$ 6,341	$ 10,962	$ (4,621)	$ 17,802	$ 18,196	$ (394)
Transport and carrying charges	$ 116	$ 223	$ (107)	$ 394	$ 363	$ 31
Finance costs	$ 3	$ -	$ 3	$ 4	$ 2	$ 2
Gross profit (loss) on export sales	**$ (819)**	**$ 496**	**$ (1,315)**	**$ 1,051**	**$ 1,046**	**$ 5**

Q3 export sales revenues were lower than the previous year due to a decrease in sales during that period combined with lower average selling prices. YTD export sales revenues under Canada's export subsidy limits were similar since larger quantities of SMP were sold but at a lower average selling price.

The CDC purchases surplus dairy products destined for export at prices that take into account prevailing world market conditions, with the intent of breaking even over the course of a dairy year. As these markets are difficult to predict, this activity may generate losses or gains in the course of a year.

Other Revenues

	For the quarter ended April 30			For the nine months ended April 30		
(in thousands)	2016	2015	$ change	2016	2015	$ change
Funding from milk pools	$ 1,522	$ 1,953	$ (431)	$ 4,511	$ 4,834	$ (323)
Funding from the Government of Canada	$ 954	$ 1,311	$ (357)	$ 2,802	$ 2,658	$ 144
Audit services	$ 107	$ 12	$ 95	$ 156	$ 63	$ 93
Total Other Revenues	**$ 2,583**	**$ 3,276**	**$ (693)**	**$ 7,469**	**$ 7,555**	**$ (86)**

The funding from milk pools represents the revenues obtained from producers and the marketplace to finance a portion of the CDC's administrative expenses, the cost of production study, as well as the carrying charges associated with the CDC butter stocks. The YTD and Q3 results for 2015-2016 are lower compared to the previous year's results because revenues from milk pools were over estimated at Q3 2015. This was corrected in May 2015.

Parliamentary appropriations for operating expenditures are recognized in the Statement of Operations and Comprehensive Income based on government-funded administrative expenses. Revenues obtained for audit services relate to the milk utilization audits performed in plants by the CDC in 6 provinces on a cost-recovery basis. Revenues from audit services are recognized when the service is rendered.

Operating and Administrative Expenses

	For the quarter ended April 30			For the nine months ended April 30		
(in thousands)	2016	2015	$ change	2016	2015	$ change
Operating expenses						
Industry initiatives	$ 327	$ 71	$ 256	$ 420	$ 302	$ 118
Cost of Production study	$ 272	$ 177	$ 95	$ 649	$ 546	$ 103
Other charges (recoveries)	$ (296)	$ (69)	$ (227)	$ 12	$ 26	$ (14)
Total operating expenses	**$ 303**	**$ 179**	**$ 124**	**$ 1,081**	**$ 874**	**$ 207**
Administrative expenses						
Salaries and employee benefits	$ 1,489	$ 1,327	$ 162	$ 4,423	$ 4,058	$ 365
Other administrative expenses	$ 451	$ 414	$ 37	$ 1,365	$ 1,203	$ 162
Total administrative expenses	**$ 1,940**	**$ 1,741**	**$ 199**	**$ 5,788**	**$ 5,261**	**$ 527**
Total operating and administrative expenses	**$ 2,243**	**$ 1,920**	**$ 323**	**$ 6,869**	**$ 6,135**	**$ 734**

Operating Expenses

YTD expenses relating to "industry initiatives" increased compared to the same period of the previous year. This increase is mainly attributable to the fact that Q3 expenses include the second payment of $0.25 million for the Dairy Research Cluster.

YTD expenses relating to "Cost of Production study" increased compared to the same period of the previous year. This variance is due to the timing of expenses; year-end results should be similar.

"Other charges" include amounts representing unrealized gains or losses on outstanding foreign exchange contracts as of the Statement of Financial Position date. These gains or losses are determined using the difference between the contracted rates and exchange rates as of the Statement of Financial Position date, applied to the contract amount. They vary with the fluctuations of exchange rates as well as with the value of outstanding foreign exchange contracts at the end of the period.

Administrative Expenses

Total administrative expenses for the YTD ending April 30, 2016 increased by $0.53 million compared to the previous year. This is mainly due to the timing of expenses. The CDC expects to be slightly above the budget outlined in its Corporate Plan Summary, mainly as a result of hiring an extra FTE for a two-year term to assist in a market development project.

Inventories and Loans

Inventory value as of April 30, 2016 was $121.01 million compared to $61.59 million as of April 30, 2015, which represents an important increase.

CDC butter stocks at the end April 2016 were approximately 6,574 t, an increase of 4,181 t compared to the same period last year. Butter inventory levels at this time last year were below normal. As a result of the measures that were undertaken to stimulate milk production, stocks have started to increase in order to meet the continued growth in demand for butter and butterfat.

Skim milk powder stocks increased by 30,361 t compared the same period last year. The growth in demand for butterfat resulted in an increase of surplus of solids non fat (SNF) that the CDC had to purchase in the form of SMP.

The loan from the Government at the end of April 2016 was higher at $73.20 million compared to $24.30 million at the same time last year. Higher inventories resulted in higher loan requirements.

Cash Flows

	For the quarter ended April 30		For the nine months ended April 30	
(in thousands)	2016	2015	2016	2015
Cash flows from (used in) operating activities	$ (43,559)	$ (5,480)	$ (36,139)	$ 32,523
Cash flows from (used in) financing activities	$ 44,187	$ 5,101	$ 37,782	$ (34,109)
Net increase in cash (bank overdraft)	**$ 628**	**$ (379)**	**$ 1,643**	**$ (1,586)**
Bank overdraft at beginning of period	$ (2,174)	$ (1,612)	$ (3,189)	$ (405)
Bank overdraft at end of period	**$ (1,546)**	**$ (1,991)**	**$ (1,546)**	**$ (1,991)**

The CDC's closing bank cash position for the end of the Q3 2015-2016 was an overdraft of $1.55 million compared to an overdraft of $1.99 million for the same period in the previous year. This represents a year-over-year increase in net cash position of $0.45 million.

Cash flows from operating activities

For YTD ending April 30, 2016, cash flows from operating activities resulted in net outflows of $36.14 million compared to net inflows of $32.52 million for the same period ending April 30, 2015. The change is mainly the result of reduced domestic sales compared to last year, as explained in section 2 under 'Domestic Activities'.

Cash flows from financing activities

For YTD ending April 30, 2016, net cash inflows from financing activities were $37.78 million compared to net outflows of $34.11 million for the period ending April 30, 2015. CDC's financing is directly related to its selling and purchasing activities as the loan from the Government of Canada fluctuates daily depending on the cash position at the end of the day. This increase is attributable to higher borrowing needs due to an increase in payments made to suppliers combined with a decrease in cash receipts from customers for YTD ending April 30, 2016 compared to the same period last year.

3. Outlook against the Corporate Plan Summary

Key factors that may impact the budget reported in the CDC's Corporate Plan Summary are total industrial milk production, domestic requirements, support prices, and world market conditions for the sale of dairy products. Any significant changes in these key assumptions will affect the budgeted results.

Total milk production has continued to increase over the last year. As of April 30, 2016, production for the most recent 12 months was enough to satisfy domestic milk requirements. CDC butter stocks held in Plan B have increased over the past few months while private stocks of butter are significantly higher than the average of the last five years. The further processing sector continued to experience difficulties in sourcing butter for their operations. To relieve the pressure of this sector, the CDC kept importing butter for that market.

Industrial milk requirements (known as Canadian Requirements) and Market Sharing Quota (MSQ) are no longer calculated as the industry has moved to a total requirements and total quota system which includes both fluid and industrial milk. In the Corporate Plan Summary, the forecast for industrial milk production was 212 M kg, which is equivalent to a total production of 328 M kg of butterfat. Total milk production is now expected to reach 340 M kg of butterfat by the end of the dairy year, which is 3.7% higher than the CDC's original forecast. Total requirements, on the other hand, are forecasted to end the year at 341 M kg of butterfat, which is 2.1% higher than the CDC's original forecast of 334 M kg BF.

World market prices for skim milk powder remain low because of strong milk production in most exporting countries, a lower demand in the Chinese market, and the Russian embargo on European dairy products. SMP prices are expected to remain low in the next quarter. So far, the CDC has concluded sales for approximately 89% of Canada's subsidized SMP export entitlement under the WTO agreement.

Strong improvements in milk production to meet domestic demand for butterfat have led to a significant increase in CDC's purchases of skim milk powder under the Surplus Removal Program. In December 2015, the CDC announced a 30% reduction in the support price of skim milk powder which reduced its price on the domestic market. This should encourage the industry to find new uses for this product. In the third quarter, the CDC has announced a soft cap on its purchases of surplus skim milk powder at full margin for processors to encourage them to find other uses for this product and invest in new processing facilities.

4. Appropriations

The following table reconciles the appropriations received and disbursed.

	For the quarter ended April 30			For the nine months ended April 30		
(in thousands)	2016	2015	$ change	2016	2015	$ change
Opening Balance	$ -	$ -	$ -	$ -	$ -	$ -
Parliamentary appropriations	$ 954	$ 1,311	$ (357)	$ 2,802	$ 2,658	$ 144
Amount disbursed	$ (954)	$ (1,311)	$ 357	$ (2,802)	$ (2,658)	$ (144)
Ending Balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

These appropriations were granted via the Main Estimates. Parliamentary appropriations are used to fund part of the CDC’s administrative expenses. The remainder of the CDC’s administrative expenses are funded by dairy producers, commercial operations, and the marketplace.

Government of Canada funding for administrative expenses is appropriated to the CDC based on the Government fiscal year (April to March) while the use of these funds is presented in these statements on a dairy year (August to July) basis. The CDC does present the use of its appropriations on a Government fiscal year basis in the Public Accounts of Canada.

5. Risk Management

On April 22, 2016, the CDC Board adopted an updated Corporate Risk Profile for dairy year 2016-2017. A new risk that was identified is the uncertainties in the demand calculations and forecasts due to missing data. As a temporary measure, the CDC has modified its calculations to partly compensate for the missing data. In the longer term, the CDC will examine the possibility of obtaining missing import and export data from other governmental agencies.

6. Significant Changes

The following significant changes in operations, personnel, objectives, industry initiatives and programs have occurred between August 1, 2015 and April 30, 2016, compared to the Corporate Plan Summary.

Operations, industry initiatives and programs	On April 21, 2016, the class 4(m) for Milk Protein Concentrates (MPC) was temporarily extended to include liquid MPC and skim milk as eligible products in cheese making, effective May 1, 2016. This revision will help registered processing plants to access Canadian ingredients at competitive prices until a national ingredient strategy is agreed to and implemented by producers and processors.
Personnel	On April 15, 2016, the Chief Operating Officer left the CDC after 20 years of service to pursue another career path. The CDC is currently reviewing its structure.

Objectives	There has been no significant change in objectives compared to the Corporate Plan Summary.
Governing Board	On May 28, 2015, Mr. Alistair Johnston was appointed as chairman of the CDC for a four-year mandate that started on August 1.

Management Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the requirements of International Accounting Standard 34: *Interim Financial Reporting* (IAS 34), and for such internal controls as management determines are necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements. These statements are unaudited and have not been reviewed by an external auditor.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of, and for the periods presented in the quarterly financial statements.

Original signed by

Jacques Laforge, Chief Executive Officer

Chantal Laframboise, Director, Finance and Administration

Ottawa, Canada
June 23, 2016

Canadian Dairy Commission
Statement of Financial Position

(unaudited)
(in thousands of Canadian dollars)

	As at April 30, 2016	As at July 31, 2015
Assets		
Current		
Cash	$ 701	$ 6
Trade and other receivables		
Trade receivables	944	429
Advance to provincial milk boards and agencies	2,247	3,195
Milk pools	1,097	1,076
Derivative asset - foreign exchange contracts	232	473
Inventory (Note 4)	121,011	93,249
	126,232	98,428
Non-Current		
Equipment (Note 5)	28	33
Intangible asset (Note 6)	233	255
	$ 126,493	$ 98,716
Liabilities		
Current		
Bank overdraft (Note 7)	$ 2,247	$ 3,195
Trade and other payables		
Trade payables	16,439	26,615
Distribution to provincial milk boards and agencies	-	20,190
Other liabilities	2,554	915
Derivative liability - foreign exchange contracts	-	198
Loans from the Government of Canada (Note 8)	73,195	35,413
	94,435	86,526
Non-Current		
Post-employment benefits	69	109
Equity		
Retained earnings	31,989	12,081
	$ 126,493	$ 98,716

Commitments (Note 14)

The accompanying notes are an integral part of these financial statements.

These financial statements were approved and authorized for issue on June 23, 2016.

Jacques Laforge	Alistair Johnston	Chantal Laframboise
Chief Executive Officer	Chairman	Director, Finance and Administration

Canadian Dairy Commission

Statement of Operations and Comprehensive Income

(unaudited)

(in thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
Sales and cost of sales				
Domestic sales revenue	$ 31,149	$ 33,152	$ 146,561	$ 174,235
Cost of goods sold - domestic	23,853	27,517	123,482	151,344
Transport and carrying charges	1,917	930	4,664	3,029
Finance costs	55	37	158	216
Gross profit on domestic sales	5,324	4,668	18,257	19,646
Export sales revenue	5,641	11,681	19,251	19,607
Cost of goods sold - exports	6,341	10,962	17,802	18,196
Transport and carrying charges	116	223	394	363
Finance costs	3	-	4	2
Gross profit (loss) on export sales	(819)	496	1,051	1,046
Total gross profit	4,505	5,164	19,308	20,692
Other income				
Funding from milk pools	1,522	1,953	4,511	4,834
Funding from the Government of Canada (Note 11)	954	1,311	2,802	2,658
Audit services	107	12	156	63
	2,583	3,276	7,469	7,555
Total gross profit and other income	**7,088**	**8,440**	**26,777**	**28,247**
Operating expenses				
Industry initiatives	327	71	420	302
Cost of Production study	272	177	649	546
Other charges (recoveries)	(296)	(69)	12	26
	303	179	1,081	874
Administrative expenses				
Salaries and employee benefits (Note 12)	1,489	1,327	4,423	4,058
Other administrative expenses	451	414	1,365	1,203
	1,940	1,741	5,788	5,261
Total operating and administrative expenses	**2,243**	**1,920**	**6,869**	**6,135**
Profit before distribution to provincial milk boards and agencies	**4,845**	**6,520**	**19,908**	**22,112**
Distribution to provincial milk boards and agencies	-	-	-	-
Total comprehensive income	**$ 4,845**	**$ 6,520**	**$ 19,908**	**$ 22,112**

The accompanying notes are an integral part of these financial statements.

Canadian Dairy Commission
Statement of Changes in Equity

(unaudited)
(in thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
Retained earnings, beginning of the period	$ 27,144	$ 23,663	$ 12,081	$ 8,071
Total comprehensive income for the period	4,845	6,520	19,908	22,112
Retained earnings, end of the period	$ 31,989	$ 30,183	$ 31,989	$ 30,183

The accompanying notes are an integral part of these financial statements.

Canadian Dairy Commission
Statement of Cash Flows

(unaudited)

(in thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
Cash flows from (used in) operating activities				
Cash receipts from sales of goods	$ 38,409	$ 44,321	$ 165,462	$ 195,379
Cash paid to suppliers and others	(84,524)	(52,329)	(189,511)	(141,169)
Cash receipts from provincial milk boards and agencies (pooling)	1,631	1,256	5,438	3,327
Cash paid to provincial milk boards and agencies	-	-	(20,190)	(27,388)
Cash receipts from the Government of Canada	954	1,311	2,802	2,658
Interest paid on loans	(29)	(39)	(140)	(284)
Net cash flows from (used in) operating activities	**(43,559)**	**(5,480)**	**(36,139)**	**32,523**
Cash flows from (used in) financing activities				
New loans from the Government of Canada	67,558	35,517	144,807	105,772
Loan repayments to the Government of Canada	(23,371)	(30,416)	(107,025)	(139,881)
Net cash flows from (used in) financing activities	**44,187**	**5,101**	**37,782**	**(34,109)**
Net increase in cash (bank overdraft)	628	(379)	1,643	(1,586)
Bank overdraft at beginning of period	(2,174)	(1,612)	(3,189)	(405)
Bank overdraft at end of period	**$ (1,546)**	**$ (1,991)**	**$ (1,546)**	**$ (1,991)**
Components:				
Cash	$ 701	$ 159	$ 701	$ 159
Bank overdraft	(2,247)	(2,150)	(2,247)	(2,150)
Net bank overdraft	**$ (1,546)**	**$ (1,991)**	**$ (1,546)**	**$ (1,991)**

The accompanying notes are an integral part of these financial statements.

Notes to Unaudited Financial Statements – April, 30 2016

1. Authority and objectives

The Canadian Dairy Commission (CDC) was established in 1966 through the *Canadian Dairy Commission Act*. It is a federal Crown corporation named in Part I, Schedule III and Schedule IV to the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act.* It is an agent of Her Majesty the Queen in right of Canada and reports to Parliament through the Minister of Agriculture and Agri-Food.

The objectives of the CDC are to provide efficient producers of milk with the opportunity to obtain a fair return for their labour and investment and to provide consumers with a continuous and adequate supply of dairy products. To achieve its objectives, the CDC works closely with the Canadian Milk Supply Management Committee (CMSMC), which it chairs, as well as with provincial governments and provincial milk marketing boards. This collaboration is framed by federal-provincial agreements.

The CDC is partly funded by parliamentary appropriations. This is supplemented by funding from milk producers and the market, as well as by the CDC's own commercial operations.

Directive on Travel, Hospitality, Conference and Event Expenditures

In July 2015, the CDC was issued a directive pursuant to section 89(2) of the Financial Administration Act to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with their legal obligations, and to report on the implementation of this directive in the CDC's next corporate plan.

2. Basis of preparation

Statement of compliance

The CDC prepared these financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and IAS 34 – *Interim Financial Reporting*, using International Financial Reporting Standards (IFRS).

The financial statements were approved and authorized for issue by the CDC board on June 23, 2016.

Basis of presentation

The financial statements have been prepared on a historical cost basis, as set out in the accounting policies below, except as permitted by IFRS and otherwise indicated within these notes.

Reporting period

The CDC reports on a dairy year basis which starts August 1 and ends July 31.

The reporting period for these interim financial statements and notes thereto is August 1, 2015 to April 30, 2016. This represents the third quarter (Q3 2015-2016) of operations for the CDC's dairy year ending July 31, 2016.

Use of judgement, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the year. Areas where management has exercised judgment and made significant use of estimates and assumptions are discussed below.

Note 4 – *Inventory*

Plan B Inventory
Under section 9(1) of the Canadian Dairy Commission Act, the CDC operates domestic seasonality programs, which include the purchase and sale of Plan B inventory (butter and skim milk powder). Under Plan B, as set out in agreements with manufacturers, the CDC purchases products from manufacturers and manufacturers are contractually obligated to repurchase Plan B inventory within the course of the next dairy year at the prevailing support prices.

Although the CDC has customarily honoured all manufacturers' requests for repurchase, the CDC has determined that the significant risks and rewards of ownership have been transferred to the CDC on the purchase of this inventory since the CDC is not contractually bound to sell to the manufacturers and because the CDC bears all costs of holding the inventory as well as the risks of theft or damage.

Allowance for inventory write-down
Management determines the allowance for inventory write-down through the use of assumptions. The net realizable value of inventory on hand at year end is estimated using the price of milk on the international market as well as the price of existing contracts at or around year-end. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements of the period in which they become known.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional and presentation currency of the CDC.

3. Significant accounting policies

Cash

Cash includes funds on deposit at financial institutions.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. Their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the CDC's designation of such instruments.

Classifications:

Trade and other receivables…..………….	Loans and receivables
Bank overdraft………………..…………...	Financial liabilities measured at amortized cost
Trade and other payables……...................	Financial liabilities measured at amortized cost
Loans from the Government of Canada …	Financial liabilities measured at amortized cost
Derivative assets and liabilities…………….	Financial assets or liabilities measured at fair value through profit or loss (FVTPL)

Loans and receivables

Loans and receivables are recorded at amortized cost using the effective interest method.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured using the effective interest method.

Financial assets or liabilities measured at FVTPL

Financial assets or liabilities classified as FVTPL are measured at fair value at the Statement of Financial Position date with changes in fair value recorded in profit or loss on the Statement of Operations and Comprehensive Income.

Transaction costs

All transaction costs in respect of financial instruments classified as loans and receivables or financial liabilities measured at amortized cost are capitalized in the period in which they are incurred. All transaction costs in respect of financial instruments classified as financial assets or liabilities measured at FVTPL are expensed in the period in which they are incurred.

Derivative financial instruments

The CDC uses derivative financial instruments such as forward contracts to counter the adverse movements in foreign exchange related to purchases and sales denominated in foreign currencies, including anticipated transactions, as well as to manage its cash balances and requirements. The CDC's policy is not to utilize freestanding derivative financial instruments for trading or speculative purposes.

The CDC does not designate its foreign exchange forward contracts as hedges of underlying assets, liabilities, firm commitments or anticipated transactions and accordingly does not apply hedge accounting. As a result, foreign exchange forward contracts are recorded on the Statement of Financial Position at fair value as an asset when the contracts are in a gain position and as a liability when the contracts are in a loss position. Changes in fair value of these contracts are recognized as gains or losses within "Other charges (recoveries)" on the Statement of Operations and Comprehensive Income.

Inventory

Inventory is recorded at the lower of cost, which is purchase cost, or estimated net realizable value. Cost is determined on a first-in, first-out basis except for Plan B inventories where cost is determined based on specific identification. Write-downs to net realizable value are reversed when there is a subsequent increase in the value of inventory up to a maximum of the purchase cost. The reversal is recognized as a reduction to cost of sales and an increase to the net value of inventory in the year in which it occurs.

Equipment

Equipment is recorded at cost less accumulated depreciation. Cost includes all measurable expenditures directly attributable to the acquisition and installation of the equipment.

Depreciation is charged to "Other charges (recoveries)" on the Statement of Operations and Comprehensive Income and begins when the equipment is available for use by the CDC.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset less estimated residual value as follows:

Generator …………………………..10 years
Computer equipment……………..…….. 3-5 years

Equipment is reviewed annually for indications of impairment or changes in estimated future economic benefits. If such impairment or change exists, the carrying value would be adjusted accordingly.

Intangible asset

Software

Internally developed application software is stated at cost less accumulated amortization. Cost includes all measurable expenditures directly attributable to the development of the software including employees' salaries, consultant fees and other identifiable costs specific to the project. Amortization of the intangible asset is charged to "Other charges (recoveries)" on the Statement of Operations and Comprehensive Income on a straight-line basis over its estimated useful life of ten years.

Software is reviewed annually for indications of impairment or changes in estimated future economic benefits. If such impairment or change exists, the carrying value would be adjusted accordingly.

Distributions to (recoveries from) provincial milk boards and agencies

Distributions to (recoveries from) provincial milk boards and agencies represent gross profit (loss) on sales excluding imported butter. Distributions to (recoveries from) provincial boards and agencies are recorded as expense (revenue) in the year that they are determined.

Revenues

Sales revenues

Domestic and export sales revenues are recognized when product is shipped.

Funding from milk pools

As acting agent in carrying out administrative functions of the Comprehensive Agreement on Pooling of Milk Revenues (a federal-provincial agreement), the CDC collects and redistributes producer market returns. For these services, the CDC receives from producers an annual fixed fee which offsets its cost for the administration of the agreement as well as the estimated carrying charges for normal levels of butter inventory. Furthermore, the CDC is reimbursed for other direct costs as set out in the agreement, including carrying charges for surplus butter inventories.

Funding is recognized as revenue in the period as services are rendered and are accrued on a monthly basis over the fiscal year.

Funding from the Government of Canada

Funding from the Government of Canada is recognized as revenue in the period the expenses are incurred.

Audit services

Revenues from audit services are recognized in the period the services are rendered.

Cost of sales

The CDC purchases all butter and skim milk powder tendered to it at either the Canadian support price or at other prices established by the CDC, depending on the intended resale markets, except for a portion of butter imported by the CDC at international market price. These costs are charged to cost of sales when the goods are shipped to customers.

Foreign currency translation

All foreign currency transactions are translated into Canadian dollars at the exchange rate in effect on the transaction date.

Trade receivables and payables in foreign currencies are adjusted to reflect the exchange rate in effect at the Statement of Financial Position date. Any corresponding gains or losses are recognized in “Export sales revenue” for receivables and “Cost of goods sold – domestic” for payables on the Statement of Operations and Comprehensive Income.

Most sales and purchases in foreign currencies have corresponding foreign exchange forward contracts (see “Derivative financial instruments” above and Note 13: Financial Instruments – Currency risk).

Employee benefits

Pension benefits

Substantially all of the employees of the CDC are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the CDC to cover current service cost. Pursuant to legislation currently in place, the CDC has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the CDC.

Post-employment benefits

Eligible employees are entitled to post-employment benefits as provided for under labour contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated by management.

Scholarship program

Scholarship program monies are expensed in the year in which educational institutions meet specified eligibility criteria and the agreements are approved.

Application of new and revised accounting standards

There were no new or revised IFRS issued by the International Accounting Standards Board (IASB) that became effective for accounting periods that begin on August 1, 2015 that affected amounts reported or disclosed in the financial statements.

Future accounting standards (accounting standards issued but not yet applied)

A number of new accounting standards and amendments effective on or after August 1, 2016 have been issued by the IASB. As of the date of the financial statements, the following applicable standards and amendments have been assessed as having a possible impact on the CDC:

> IAS 1 – *Presentation of Financial Statements* was issued to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The new standard is effective for annual periods beginning on or after January 1, 2016. The CDC is currently assessing these amendments and therefore the extent of the impact of the adoption of the standard is unknown.
>
> IAS 7 – *Statement of Cash Flows* clarifies the disclosures required for changes in liabilities arising from financing activities. The new standard is effective for annual periods beginning on or after January 1, 2017. The CDC is currently assessing these

(In thousands of Canadian dollars, unless otherwise indicated)

amendments and therefore the extent of the impact of the adoption of the standard is unknown.

IFRS 15 – *Revenue from Contracts with Customers* was issued to provide guidance on the recognition of contract revenues. This new standard will be effective for annual periods beginning on or after January 1, 2018. The CDC is currently assessing these amendments and therefore the extent of the impact of the adoption of the standard is unknown.

IFRS 9 – *Financial Instruments* provides requirements for classifying and measuring financial assets and liabilities. This standard is the last in a three-phase project in progress by the IASB to replace IAS 39 – *Financial Instrument: Recognition and Measurement* in its entirety. The new standard is effective for annual periods beginning on or after January 1, 2018. The CDC is currently assessing these amendments and therefore the extent of the impact of the adoption of the standard is unknown.

IFRS 16 – *Leases* provides a single leasee accounting model, requiring assets and liabilities to be recognized for all leases. The new standard is effective for annual periods beginning on or after January 1, 2019. The CDC does not currently have any leases that qualify for this new standard and therefore the extent of the impact of the adoption of the standard is unknown.

4. Inventory

The CDC's inventory is comprised of butter and skim milk powder purchased under the Domestic Seasonality and Surplus Removal Programs. The CDC also imports butter under the WTO Agreement on Agriculture.

Inventory:

	April 30, 2016		July 31, 2015	
	in $	in tonnes	in $	in tonnes
Plan B				
Butter	$ 48,439	6,198	$ 42,569	5,716
Skim milk powder	720	163	6,213	975
Other butter	1,957	376	2,290	305
Other skim milk powder	69,917	59,238	43,121	34,717
	121,033		94,193	
Less: allowance for inventory write-down	(21)		(944)	
Total net realizable value	$ 121,012		$ 93,249	

(In thousands of Canadian dollars, unless otherwise indicated)

Inventory expensed in the third quarter was $30.19 million (Q3 2014-2015: $38.48 million) and is presented on the Statement of Operations and Comprehensive Income in cost of goods sold (domestic and exports).

5. *Equipment*

The carrying value of equipment is determined as follows:

	Balance July 31, 2015	Additions	Disposals	Balance April 30, 2016
Cost	$ 67	-	-	$ 67
Accumulated depreciation	$ 34	5	-	$ 39
Carrying amount	$ 33			$ 28

6. Intangible asset

The carrying value of the intangible asset is determined as follows:

	Balance July 31, 2015	Additions	Disposals	Balance April 30, 2016
Cost	$ 294	-	-	$ 294
Accumulated amortization	$ 39	22	-	$ 61
Carrying amount	$ 255			$ 233

Intangible asset represents a software developed in-house to meet specific operational needs unique to the CDC. The new software was made operational in April 2014 at which time amortization charges to profit and loss began.

7. Bank overdraft

The CDC has established a line of credit with a member of the Canadian Payments Association. The CDC has been granted the authority to establish this line of credit by the Minister of Finance up to a maximum of $50 million for advancing funds to the provincial milk marketing boards and agencies. On April 30, 2016 the available line of credit was $5 million (July 31, 2015: $5 million).

The bank overdraft incurred under the CDC's line of credit is due on demand and bears interest at prime, which as at April 30, 2016 was 2.70% per annum (April 30, 2015: 2.85%).

8. Loans from the Government of Canada (Consolidated Revenue Fund)

Loans from the Government of Canada's Consolidated Revenue Fund, to a maximum of $165 million (July 31, 2015: $165 million), are available to finance operations. Individual loans are repayable within one year from the date the loan is advanced. Principal and accrued interest is repaid regularly during the year when funds are available.

(In thousands of Canadian dollars, unless otherwise indicated)

Interest on the loans is at the normal rates established for Crown corporations by the government and based on the latest available yields of comparable Treasury bills plus one-eighth of one percent at simple interest. Interest rates and interest expense were as follows:

	Three months		Nine months	
Interest rates	Q3 2015-2016	Q3 2014-2015	Q3 2015-2016	Q3 2014-2015
Low	0.52%	0.59%	0.50%	0.59%
High	0.66%	1.04%	0.79%	1.07%
Interest expense	$ 58	$ 37	$ 162	$ 218

9. Capital disclosures

The CDC's capital consists of its loans from the Government of Canada (see Note 8) and retained earnings. As of April 30, 2016 these accounts totaled $73.19 million (July 31, 2015: $35.41 million) and $31.99 million (July 31, 2015: $12.08 million) respectively. The CDC is not subject to any externally imposed capital requirements.

The CDC's primary objective in managing capital is to ensure that it has sufficient liquidity in order to settle its financial obligations as they become due and to fund programs for the benefit of the dairy industry. The CDC adjusts its capital management approach on an ongoing basis as the amounts fluctuate during the course of the year. The CDC does not utilize any quantitative measures to monitor its capital. There were no changes in the CDC's approach to capital management or the definition thereof as compared to the previous year.

10. Foreign exchange gains and losses

Export sales include amounts representing realized net gains or net losses arising from currency translation relating to transactions incurred in foreign currencies.

As well, domestic cost of sales include amounts representing realized net gains or net losses arising from currency translation relating to import purchase transactions incurred in foreign currencies.

	Three months		Nine months	
Net gain (loss) on:	Q3 2015-2016	Q3 2014-2015	Q3 2015-2016	Q3 2014-2015
Export sales	$ (7)	$ (91)	$ (355)	$ (204)
Domestic cost of sales	$ 334	$ 165	$ 1,223	$ 525

(In thousands of Canadian dollars, unless otherwise indicated)

11. Funding from the Government of Canada

Funding of the CDC's administrative expenses is shared among the federal government, dairy producers, commercial operations and the market place.

Government of Canada funding of total administrative expenses is as follows:

	Three months		Nine months	
	Q3 2015-2016	Q3 2014-2015	Q3 2015-2016	Q3 2014-2015
Funded by Government	$ 954	$ 1,311	$ 2,802	$ 2,658
Total administrative expenses	$ 1,940	$ 1,741	$ 5,788	$ 5,261

12. Salaries and employee benefits

Salaries and employee benefits includes:

	Three months		Nine months	
	Q3 2015-2016	Q3 2014-2015	Q3 2015-2016	Q3 2014-2015
Salaries expense	$1,225	$1,088	$3,668	$3,368
Pension contributions	165	147	486	437
Medical insurance expense	52	47	157	145
Others	47	45	112	108
Total	$1,489	$1,327	$4,423	$4,058

Pension plan

Substantially all of the employees of the CDC are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the CDC. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective for the quarter ended April 30, 2016 was on average 1.14 times the employee's rate (1.45 times for the prior year).

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service multiplied by the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

13. Financial instruments

(In thousands of Canadian dollars, unless otherwise indicated)

In the course of carrying out its ongoing operations, the CDC faces risks to its financial assets and financial liabilities. The CDC's exposure to risk from its use of financial instruments is presented below along with the CDC's objectives, policies and processes for managing risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the CDC's income or the value of its holding of financial instruments.

Currency risk

The CDC operates internationally, exposing itself to market risks from changes in foreign exchange rates. The CDC partially manages these exposures by contracting only in US dollars or Canadian dollars. The CDC's foreign exchange risk management includes the use of foreign currency forward contracts to fix the exchange rates on certain foreign currency exposures. The CDC periodically enters into foreign exchange forward contracts to manage exposure to exchange rate fluctuations between Canadian and US dollars for future sales and purchases on existing contracts.

The fair value of the CDC's derivative financial instruments is determined using the Bank of Canada's published foreign exchange rates as of the Statement of Financial Position date. This rate was 1.2548 at April 30, 2016 (1.3080 at July 31, 2015).The CDC's foreign exchange forward contracts as of the Statement of Financial Position date were as follows:

		April 30, 2016		July 31, 2015	
Currency sold	Currency purchased	In USD	In CAD	In USD	In CAD
USD	CAD	$ 3,112	$ 3,905	$ 5,009	$ 6,552
CAD	USD	$ 0	$ 0	$ 5,632	$ 7,522

These contracts will mature over the period ending September 2016. The maturity dates of the forward exchange contracts correspond to the estimated dates when the CDC expects to receive the foreign currency proceeds arising from export sales contracts or when payment for purchases in foreign currencies are due.

"Other charges (recoveries)" under operating expenses on the Statement of Operations and Comprehensive Income include $0.28 million representing net gains incurred during the current year (Q3 2014-2015: net gains of $0.09 million) arising from the determination of unrealized fair value remeasurements of the CDC's derivative financial instruments.

The CDC's exposure to foreign currency risk was as follows, based on Canadian dollar equivalent amounts:

(In thousands of Canadian dollars, unless otherwise indicated)

In CAD	April 30, 2016	July 31, 2015
Trade receivable	$ 290	$ -
Trade payable	(22)	-
Net derivative asset (liability)	232	275
Net exposure	$ 500	$ 275

Based on the net exposure as of April 30, 2016, and assuming that all other variables remained constant, had the Canadian dollar appreciated 10% against the US dollar, net income for the quarter ended April 30, 2016 would have increased by $0.36 million (Q3 2014-2015: decreased by $0.73 million). Conversely, a 10% weakening in the Canadian dollar against the US dollar would have had the equal but opposite effect for the same period.

Interest rate risk

Interest rate risk is the risk that a financial asset containing a fixed interest rate component decreases in fair value with a rise in interest rates or that a financial liability with a floating interest rate component results in increased cash outflow requirements as a result of an increase in interest rates. Other than the line of credit, for which interest expense varies as a function of prime, and loans from the Government of Canada, which vary as a function of the yield on comparable Treasury bills, the CDC does not have any other such financial assets or liabilities exposed to this risk. The CDC's exposure to interest rate risk is not significant given its low interest bearing loans.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The CDC is not significantly exposed to this type of risk.

Liquidity risk

Liquidity risk is the risk that the CDC will not be able to meet its financial obligations as they fall due. As of the Statement of Financial Position date, virtually all of the CDC's assets and liabilities were current and the CDC had a current ratio equal to 1.34 (July 31, 2015: 1.14). In managing liquidity risk, the CDC has access to additional borrowings for commercial operations from the Government of Canada in the amount of $91.81 million as of April 30, 2016 (July 31, 2015: $129.59 million) as well as $2.75 million (July 31, 2015: $1.81 million) on its line of credit for the pooling of market returns.

Credit risk

Credit risk is the risk of loss due to a customer failing to meet its financial obligations to the CDC. Maximum credit exposure is the carrying amount of the pooling and trade receivable balances, net of any allowance for losses. The CDC manages this risk using several strategies which include selling product on a "payment first" basis, securing of bank guarantees and obtaining letters of credit. As of April 30, 2016 and July 31, 2015 the CDC did not have an allowance for doubtful accounts and all trade receivables were current.

The CDC is exposed to credit risk when entering into foreign exchange contracts wherein the counterparty fails to perform an obligation as agreed upon, causing a financial loss. Maximum credit exposure is the notional amount of the derivative asset. The CDC manages this exposure to credit risk by entering into foreign exchange contracts only with major Canadian financial institutions. To date, no such counterparty has failed to meet its financial obligation to the CDC.

Fair values

The carrying value of cash, trade and other receivables, bank overdraft, and trade and other payables approximates their fair values due to the immediate or short-term maturity of these financial instruments. As of the Statement of Financial Position date, no amounts representing changes in fair value of these financial instruments have been recorded on the Statement of Operations and Comprehensive Income.

Fair value hierarchy

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy, which for the CDC is only relevant in the context of derivative financial instruments, has the following levels:

Level 1: valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value measurement of the CDC's derivative financial instruments is classified as level 2 (July 31, 2015: level 2) in the fair value hierarchy. Changes in valuation methods may result in transfers into or out of levels 1, 2, and 3. For the reporting periods ended April 30, 2016 and July 31, 2015, there were no transfers between levels.

(In thousands of Canadian dollars, unless otherwise indicated)

14. Commitments

a) Industry Initiatives

Summary:	April 30, 2016
Dairy Research Cluster	$ 250
Matching Investment Fund	165
Total commitments for industry initiatives	$ 415

Dairy Research Cluster

The Dairy Farmers of Canada initiative enables key industry-led agricultural organizations to mobilize a critical mass of scientific and technical resources to support innovation strategies for enhanced profitability and competitiveness in their sector. The CDC has agreed to partially fund this project under an agreement that commenced April 1, 2014 and expires March 31, 2018. Under the terms of this agreement the CDC will contribute $0.75 million. Between July 2015 and April 2016, two payments of $0.25 million were made and the balance of $0.25 million will be paid at the end of the agreement.

Matching Investment Fund

The CDC funds and administers the Matching Investment Fund which provides non-repayable contributions to Canadian-registered companies or food technology centres for product development, on a matching investment basis. The program expires on July 31, 2016. As of April 30, 2016, CDC has outstanding commitments of $0.17 million.

b) Purchase Commitments

As of April 30, 2016, the CDC was committed to purchase certain quantities of butter and skim milk powder. These commitments amounted to approximately $6.60 million (July 31, 2015: $8.71 million) and were fulfilled in May 2016.

c) WTO Tariff Rate Quotas for Butter

Under the terms of the 1994 WTO Agreement, Canada has established tariff rate quotas (TRQ) for a number of dairy products. TRQs are the quantities of products that can enter Canada with little or no tariff. With the support of the industry, the CDC has acted as the receiver of imports of butter under federal permit since 1995 and has directed this product through butter manufacturers to the food sector. Tight supplies of Canadian butter in the three first quarters of the 2015-2016 dairy year required that the CDC import 8,400 tonnes of butter in addition to its import butter TRQ of 3,274 tonnes. As of April 30, 2016, the remaining balance of butter to import was 3,732 tonnes.

(In thousands of Canadian dollars, unless otherwise indicated)

World prices at the time of purchase will determine the total financial commitment. The total cost to purchase imported butter for the quarter ended:

	Three months		Nine months	
	Q3 2015-2016	Q3 2014-2015	Q3 2015-2016	Q3 2014-2015
	$ 11,712	$ 4,685	$ 41,121	$ 13,925

d) Operating Lease

The CDC is committed under a long term lease with Agriculture and Agri-Food Canada (AAFC) for office accommodation ending in March 31, 2017. The lease contains escalation clauses regarding maintenance costs and taxes. This lease may be automatically renewed at the CDC's option for another period of five years with rates possibly revised in order to reflect the rental market value pursuant to Treasury Board's Policy on Real Property.

The minimum lease payments are as follows:

	April 30, 2016	July 31, 2015
Less than one year	$ 234	$ 351
Greater than one year and less than five years	$ 0	$ 234

15. Related party transactions

Government of Canada entities

The CDC, as per the Canadian Dairy Commission Act, is an agent of Her Majesty the Queen in right of Canada. This effectively makes the Government of Canada owner of the CDC, having significant influence over its activities.

The CDC is related in terms of common ownership to all other Government of Canada departments, agencies and Crown corporations. The CDC enters into transactions with these entities in the normal course of business and at normal trade terms. These related party transactions are recorded at their exchange amounts.

In accordance with the disclosure exemption regarding "government related entities", the CDC is exempt from certain disclosure requirements of IAS 24 – *Related Party Disclosures*, relating to its transactions and outstanding balances with:

- a government that has control, joint control or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

(In thousands of Canadian dollars, unless otherwise indicated)

Based on this exemption, the CDC has not disclosed any further details of its transactions with the Government of Canada and departments thereof, and all federal Crown corporations not considered to be individually or collectively significant, entered into in the normal course of operations.

Loans from the Government of Canada at terms available to Crown corporations (Note 8), which are recorded at the transaction price, represent the CDC's largest related party transaction.

Significant transactions, excluding loans, were with the following related parties:

Government entity	Three months		Nine months	
	Q3 2015-2016	Q3 2014-2015	Q3 2015-2016	Q3 2014-2015
Public Works and Government Services Canada	$ 280	$ 203	$ 859	$ 675
Agriculture and Agri-Food Canada (mainly operating lease – Note 14)	95	3	272	237
Other related Government entities	39	10	70	43
Total	$ 414	$ 216	$ 1,201	$ 955

Key management personnel

The CDC's key management personnel are the CEO, the Chairman, the Commissioner, the COO and the 3 directors.

No loans or other such transactions with key management personnel were outstanding as of April 30, 2016 or July 31, 2015, or occurred at any time during either year.

The post-employment benefit liability for key management personnel as of April 30, 2016 was $0.08 million (July 31, 2015: $0.13 million) and is divided between "Post-employment benefits" and "Other liabilities" on the Statement of Financial Position.

Compensation of key management personnel for the quarter ended:

Three months		Nine months	
Q3 2015-2016	Q3 2014-2015	Q3 2015-2016	Q3 2014-2015
$ 232	$ 234	$ 692	$ 748