



# Australian Dairy Farms Group

ASX Code: AHF

2 September 2016

## CHINA MILK SALES SUSPENSION

**Australian Dairy Farms Group** (AHF or the Group) is both surprised and disappointed to learn via news media in Australia, that Camperdown Dairy's licence to export fresh milk into China has been suspended. Additionally, we have heard media reports of test results within the Chinese market that are not supported by the independent test result of products leaving the Camperdown factory.

Exports to China represent a small proportion of Camperdown Dairy's total sales. It is standard practice at Camperdown Dairy that every batch of product produced for export is extensively tested by an independent external laboratory, with test results supplied to, checked, and recorded by management.

At no time has any test result showed any harmful bacteria.

Camperdown Dairy has been exporting fresh milk to China on each Monday under licensing that required approvals in both Australia and China. The shipments are airfreighted from Tullamarine airport. Approximately two weeks ago, the management at Camperdown was advised by DAFF that the Chinese Government had requested re-testing for shelf life validation all Australian exporters of fresh milk to China.

On advice, as a precautionary measure Camperdown voluntarily elected to suspend further exports to China and review all shelf life validation requirements.

The Australian Dairy Industry is highly regulated and Camperdown Dairy operates a very high standard quality system with a full-time dedicated Quality Manager and management with extensive experience. The company has been operating for 6 years and produced a high volume of milk, yoghurt, and butter products during that period, and has never been issued a test result showing harmful bacteria, including any milk shipments, which may currently be in China.

Exports are regulated via the Federal Government. If any shipment from any dairy company ever has a food safety issue then that is immediately communicated by Department of Agriculture to the producer. Camperdown Dairy has not received any such reports.

The China milk sales are not material to the current financial performance and represent only approximately 2% of total sales.

The directors and management of AHF and CDC are confident that these issues will be promptly clarified between the Australian and Chinese authorities and directors will report further.

Ends

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## About Australian Dairy Farms Group

**Australian Dairy Farms Group (AHF)** is Australia's first ASX listed dairy farmer. Its initial focus was on aggregating high quality dairy farms in Victoria, initially in the South Western region with particular emphasis initially, on the famous Dairy Golden Triangle region of South West Victoria between Warrnambool and Colac south of the Princes Highway to the coast around Port Campbell.

On 29 December 2015, AHF announced to ASX that it had entered into a contract to acquire Camperdown Dairy Company Pty Ltd - ACN 140 640 606 (CDC) – see announcement on <http://www.adfl.com.au/announcements>. This transaction has now completed and CDC is a wholly owned subsidiary of AHF. The Group is now a vertically integrated milk producer, processor and product distributor in Australia and for export.

**Australian Dairy Farms Group** is listed as a stapled security comprising one fully paid share in **Australian Dairy Farms Limited** (the Company) and one fully paid unit in **Australian Dairy Farms Trust** (the Trust). Within the structure, the Company is the operator and manager of the dairy farm properties, which are leased from the Trust as the registered owner.

## Disclaimer

This announcement may include "forward looking statements" within the meaning of securities laws of applicable jurisdictions. These forward-looking statements are not historical facts but are based on AHF's current expectation, estimates and projections about the industry in which it operates, and beliefs and assumptions. Forward Looking Statements may include indications of, and guidance on, future earnings or distributions and financial position and performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of AHF, and its officers, employees, agents, or associates, that may cause actual results to differ materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and AHF assumes no obligation to update such information.