



# Australian Dairy Farms Group

7 November 2016

ASX Code: AHF

## ASX ANNOUNCEMENT

- **New purpose built fresh milk export facility**
- **Joint Investment with a trusted Business Partner with China experience**
- **AHF, CDC and Australian Lian He Pty Ltd**                      **澳大利亚联合有限公司**

Australian Dairy Farms Group (“AHF” or “Group”) is pleased to advise that Camperdown Dairy Company Pty Ltd (CDC) has entered into a Heads of Agreement with its primary Chinese customer, Australian Lian He Pty Ltd (Australian Lian) to jointly develop, and for CDC to operate, a specialty, purpose built for export, processing facility. This will be undertaken in conjunction with CDC’s Camperdown factory for the production of high quality fresh milk especially to satisfy the stringent quality requirements for the supply of fresh milk to the export market. This will involve a new jointly owned entity focused on the new business.

Australian Lian, based in Melbourne, is CDC’s longest and most reliable customer in the export of fresh Australian milk to China. The company is an Australian registered entity established in 2009 by a Chinese resident of Australia, which has been exporting and distributing a range of Australian food and predominantly dairy products to the China market for several years. Australian Lian distributes and sells those products through an extensive network of over 3,000 high profile store outlets throughout China. Australian Lian’s and its customers’ exports to China include several brands of infant and follow-on formula.

The joint investment proposal is to construct a new specialty milk processing and bottling facility in South West Victoria on the following broad terms:

- On land owned or controlled by AHF;
- Capacity to produce very high quality fresh milk so as to maximize shelf life;
- Joint investment entity to be held 40% by AHF and 60% by Australian Lian;
- 100% funding provided by Australian Lian;
- Designed and constructed to CDC’s specifications and under its supervision;
- Operated by CDC under service agreement with CDC able to utilise excess capacity;
- Subject to final feasibility sign off by AHF

AHF Group’s CEO Peter Skene said, *“The project has the benefit of positioning the company as one of a very small number of milk processors in Australia to have the capability to produce and export the very high quality fresh milk required for export markets. Modern technology will be used to process and bottle fresh milk that will be relevant to export markets generally and be world class by global standards.*

*“It is essential for Australian exporters of fresh produce to have confidence that the supply chain from the paddock to the end consumer overseas is managed with integrity and professionalism. We have seen first-hand, how seriously Australian Lian take this obligation; with their Melbourne based General Manager driving three hours to Camperdown every Monday to supervise the processing and packaging of the export shipments and then following the delivery truck to Tullamarine Airport to ensure there are no delays loading onto the aircraft. They then have local Chinese employees in China meet and monitor the shipment to ensure there are no delays in getting to the final retail outlets on time. It’s a big commitment to quality and safety and we are very comfortable moving into this space with Australian Lian.”*

While the proposed new facility is primarily aimed at producing highest possible standard for the lucrative export market, it may also have significant application for the domestic market.

**AUSTRALIAN DAIRY FARMS LIMITED**

ACN 057 046 607

Level 1, 41 Edward Street, Brisbane QLD 4000 | GPO Box 6, Brisbane Qld 4001

Phone: +61 07 3020 3020 | Fax: +61 07 3020 3080 | Email: shareholders@adfl.com.au

**AUSTRALIAN DAIRY FARMS TRUST**

ARSN 600 601 689

By industry standards, the size and capacity of the proposed new plant is quite small, it does however provide substantial capacity for the fresh milk export market both now and into future. From a strategic point of view, it fits perfectly with the Group's valuable capability to be flexible and nimble in its processing business operations focussed on the higher value added end of the Australian milk products. The Group's directors believe that the proposed joint enterprise with a trusted and capable partner focussed on, and with significant direct experience in the China market for dairy products, is a very positive step forward, which will facilitate increased exports and open the way to additional export markets ensuring greater product and business security.

Yours faithfully

**Australian Dairy Farms Group**



## Further Details

For additional company information or media matters please contacts

### **Adrian Rowley**

Director

#### **Australian Dairy Farms Limited**

Bus: +61 3 9629-9900

Mob: +61 448 803 768

Email: [adrianrowley@adfl.com.au](mailto:adrianrowley@adfl.com.au)

### **Peter Skene**

Group CEO/ Director

#### **Australian Dairy Farms Limited**

Mob: +61 418 592 330

Email: [peterskene@adfl.com.au](mailto:peterskene@adfl.com.au)

## **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.

In April 2016 the Group completed the acquisition of Camperdown Dairy Company Pty Ltd - ACN 140 640 606 (CDC) – see announcement on <http://www.adfl.com.au/announcements>.

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.