



Australian Dairy Farms Group

6 March 2018

ASX Code: AHF

AUSSIE FARMERS DIRECT – ADMINISTRATOR APPOINTED 05 MARCH 2018

The directors of Australian Dairy Farms Group provide this information to the market in the wake of the news, yesterday, that Aussie Farmers Direct has had an external administrator appointed.

Securityholders and investors will be aware that in March 2016, Australian Dairy Farms Group completed the acquisition of Camperdown Dairy Company from Aussie Farmers Direct which, at that time, remained as a very significant customer of Camperdown Dairy Company in respect of dairy products.

In August 2017, during negotiations for extension of the expiring milk supply contract, Camperdown Dairy Company declined to discount pricing of bottled white milk supplied to Aussie Farmers Direct. As a result, the contract for Camperdown Dairy Company to supply bottled milk was not renewed on expiry. Sales of low volumes of yoghurt products continued.

This information was communicated to the market as part of another announcement dated 24 October 2017.

Since that time, the Group has strictly ensured compliance with the agreed trading and credit terms and the total financial exposure to Aussie Farmers Direct is less than \$90,000.

In the intervening period Australian Dairy Farms Group has actively and successfully worked to identify and on-board new customers at realistic profit margins and volumes. This has been an important part of the Group's strategy to move away from the generic and highly competitive \$1 per litre bottled white milk market in Australia to focus on differentiated, higher margin "Own Brand" and specialty products.

In the Group's current budget forecasts for the ensuing 12 months the budgeted sales to Aussie Farmers Direct accounted for less than 5% of total sales expected.

In summary, while the appointment of an administrator to a company is regrettable, there is very little negative impact on the AHF Group's business and financial position.

AUSTRALIAN DAIRY FARMS GROUP

Ends.

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AUSTRALIAN DAIRY FARMS TRUST

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Further Details

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Communications Policy

As a policy, because of the heavy demands on limited management resources and to ensure compliance with continuous market-wide disclosure regulations, AHF does not respond to individual security holder communications regarding the management of the business, the company or with respect of any opinion or analysis that is not contained in market releases and released financial reports.

AHF makes ASX market releases at times directors believe it would be helpful or necessary for investors and as required by the Listing Rules. For further information regarding our shareholder communications policy, please refer to AHF's website: www.adfl.com.au

About Australian Dairy Farms Group

Australian Dairy Farms Group (AHF) was 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 (Camperdown Dairy) – see announcement on <http://www.adfl.com.au/announcements>.

Camperdown Dairy 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. See the above link to ASX announcements or the Group's website for a copy of the Group's Strategy Overview.

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 – Forward Looking Statements

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.