

ASX ANNOUNCEMENT

Apiam acquires leading sheep genetics and reproduction services business

Bendigo, Australia, 28th December 2016. Apiam Animal Health (Apiam) (ASX:AHX) today announces it has entered into an agreement to acquire AllStock (NSW) Pty Ltd ("AllStock") for \$1.75 million, adding to its genetics and assisted reproduction service capabilities, in line with Apiam's growth strategy.

AllStock is one of Australia's leading sheep and goat genetics and reproduction services businesses, with export accredited facilities and leading edge technology to optimise reproduction in production animals. It generated revenue of \$1.60 million in FY16.

Based in Dubbo, NSW, AllStock provides embryo transfer and artificial insemination services to the sheep and goat industries. The company services the East Coast of Australia, and provides specialised services during the season to an established client base in the United States.

AllStock also has a successful on-line retail business, Eartags Warehouse, which specialises in animal identification systems, an industry that is emerging on the back of requirements surrounding traceability of production animals to minimise the impact of disease outbreaks. This business is highly synergistic with Apiam's existing service offerings.

The acquisition is expected to be earnings accretive, and will be funded using Apiam's existing bank facilities. The consideration for the acquisition is a combination of 70% cash and 30% scrip. In line with Apiam's previous acquisitions, the principals of the business will enter into an employment contract with restraint conditions. Shares issued under the agreement will be subject to an escrow of up to two years.

"With this acquisition, Apiam is further demonstrating its ability to enhance its services and increase its capacity for growth by adding synergistic businesses to the group. With the acquisition of AllStock, alongside our experts at Riverina Genetics and Macquarie Artificial Breeders, Apiam is firmly establishing its position as Australia's leader in large scale sheep and goat herd expansion and genetic upgrade programs," said Dr Chris Richards, Managing Director of Apiam.

"This acquisition delivers tangible benefits of opening up our international services and genetic product export opportunities, adding to the expertise of our high performing team and enhancing our ability to scale and provide a new level of service to the industry. AllStock's on-line business expands our retail offering to our existing large client base and enables an existing platform for the launch of new products in this area."

Dr Richards continued, "Growth via acquisition is an important component of our strategy, and we are building an integrated animal health business that delivers benefits to our clients, vendors and shareholders. I am very pleased to acknowledge the ongoing support of the 12

vendors who joined the business in December 2015 and who continue to remain substantial shareholders in the company, following the release of their shares from escrow. This is a strong endorsement of their commitment to Apiam and our value proposition.”

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About Apiam

Apiam Animal Health is positioned in the Australian market as a vertically integrated animal health business providing a range of products and services to Production and Mixed animals. Apiam Animal Health's strategy is to service Production and Mixed animals throughout their lifecycle, including the provision of veterinary services, ancillary services, genetics, wholesale and retail of related products, together with technical services related to food-chain security.