



Australian Dairy Nutritionals Group

30 April 2019
ASX Code: AHF

Quarterly Cash Flow (4C) and General Commentary

- Sales of Camperdown Dairy Company (CDC) produced products are up 37% on the same quarter last year and expected to increase again in the next quarter as national sales continue to grow.
- CDC product mix optimization targets are being met with a 54% increase in yoghurt sales over the previous quarter.
- 7 new products launched and commenced national distribution.
- CDC invested in additional working capital to support growing sales.
- Cash expenditure on seasonal farming and pasture management activities at a time when milk volumes / revenues are at a seasonal low.
- Establishment costs of \$195,000 for the new organic in conversion farm (Yaringa) have been expensed through the P&L prior to commencing milking on the farm.
- Capitalized investment into Australia's largest single entity conversion organic dairy in the quarter of \$535,000.

Post-date notes

On the 18th of April, the Board of Australian Dairy Nutritionals Group (the **Group** or **AHF**) announced that it has entered into a contract of sale at a price of \$2,600,000 for the property located at Maddens Bridge Road, Glenfyne, Victoria (**Glenfyne Farm**). The sale is not conditional on finance and due to settle in late May 2019, however may settle earlier at the purchaser's request.

The Glenfyne Farm is a small, non-milking farm which the Group utilised for supplementary fodder production. However, with the acquisition of the organic in-conversion Yaringa farm in October 2018, the Glenfyne Farm became surplus to the needs of the Group's farm operations.

AUSTRALIAN DAIRY NUTRITIONALS GROUP

Ends.

Further Details

For additional company information or media enquiry matters please contact:

Peter Skene

Group CEO/ Director

Australian Dairy Nutritionals Limited

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Communications Policy

As a policy, because of the heavy demands on limited management resources and to ensure compliance with continuous disclosure requirements, 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. For further information regarding our shareholder communications policy, please refer to AHF's website: www.adfl.com.au.

About Australian Dairy Nutritionals Group

Australian Dairy Nutritionals 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 of Victoria with particular emphasis on the famous Dairy Golden Triangle region between Warrnambool and Colac south of the Princes Highway.

In April 2016 the Group completed the acquisition of its processing facility Camperdown Dairy Company Pty Ltd. The Group is now a vertically integrated milk producer, processor and product distributor in Australia and for export. Refer to the Group's Strategy Overview released to market on 11 July 2017 for additional information about AHF's immediate and longer term strategic planning.

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.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Australian Dairy Nutritionals Group, Comprising:
Australian Dairy Nutritionals Limited - ABN: 36 057 046 607; and
Australian Dairy Farms Trust – ARSN: 600 601 689

ABN

See Above

Quarter ended (“current quarter”)

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,920	16,041
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,687)	(13,098)
(c) advertising and marketing	(6)	(17)
(d) leased assets	(4)	(12)
(e) staff costs	(1,162)	(3,368)
(f) administration and corporate costs	(451)	(1,131)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(172)	(473)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,561)	(2,188)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(971)	(6,233)
(b) businesses (see item 10)	135	(265)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(c) investments	-	-
(d) intellectual property	(7)	(7)
(e) other non-current assets	-	(49)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	139	139
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(704)	(6,415)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	3	2,636
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	188	5,203
3.6 Repayment of borrowings	(316)	(904)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(125)	6,935

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,054	2,332
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,561)	(2,188)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(704)	(6,415)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(125)	6,935

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	664	664

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	664	3,054
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	664	3,054

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
138
-

Director fees and executive director salary.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
22
-

Payment to Jimmy Crow Limited for administrative services and related activities.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	14,550	14,550
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Commonwealth Bank of Australia Limited – Secured Facility
Variable Interest Rate: 4.50%

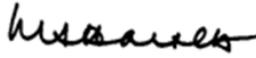
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(4,704)
9.3 Advertising and marketing	(10)
9.4 Leased assets	(4)
9.5 Staff costs	(1,306)
9.6 Administration and corporate costs	(444)
9.7 Other (provide details if material)	(174)
9.8 Total estimated cash outflows	(6,642)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Flahey's Nutritionals Pty Ltd	
10.2 Place of incorporation or registration	Sydney, NSW	
10.3 Consideration for acquisition or disposal	\$265,000 Cash (\$400,000 - \$135,000 completion adjustment) + 625,000 AHF Stapled Securities + 6,250,000 Consideration Securities	
10.4 Total net assets	\$150,000	
10.5 Nature of business	Nutritional Product Development and Sales	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies, which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Director)

Date: 30 April 2019

Print name: Michael Hackett

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.