



**ADFC** AUSTRALIAN  
DAIRY FARMERS  
CORPORATION  
*Fairness for our farmers*



# Annual Report

2020 - 2021 FINANCIAL YEAR



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**ADFC** | AUSTRALIAN  
DAIRY FARMERS  
CORPORATION  
*Fairness for our farmers*

# AUSTRALIAN DAIRY FARMERS CORPORATION LIMITED

ACN 610 590 200

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## Corporate Directory

### Registered office

Suite 222A  
757 Bourke Street  
Docklands Victoria 3008  
T: +61 3 9909 2208  
W: adfc.com.au

### Principal place of Business

Suite 222A  
757 Bourke Street  
Docklands Victoria 3008  
T: +61 3 9909 2208

### Executive Director & Chairman

Scott Sieben

### Bank

National Australia Banking Group

### Directors

Rod Slattery  
Darin Blain  
Peter Mulheron  
Gerard Droppert

### Auditor

Grant Thornton Audit Pty Ltd

### Company Secretary (shared role)

Ron Page  
Paul Casey

### Solicitor

HWL Ebsworth Lawyers



# Australian Dairy Farmers Corporation

Australian Dairy Farmers Corporation (ADFC) is an independent dairy co-operative run by Australian dairy farmers.

Our farmers, based in north, south west and east Victoria, for FY22, currently supply around 300 million litres of quality milk to ADFC's key customers. These companies use our milk to make premium dairy products that are sold in Australia and overseas.

ADFC was established in 2012 with a firm vision: to look after dairy farmers and make sure they receive a fair price for their milk. We work with our farmers to give them every opportunity to be profitable so they can grow their businesses with confidence.

The co-operative is guided by four values:

**Collaboration** – we must not compete with our partners, but work together to maximise the efficiency for all

**Co-operation** – our farmers are all members and shareholders and are prepared to share the risk and success of what we do

**Choice** - our milk pricing system enables our farmers to choose what is best for them

**Cost-effective** – a low-cost model underpins everything we do





## *Chairman & Executive Director's Report*

Change to stay strong!

ADFC continues to grow and stay strong to its core values. An outcome of which is a strong transparent competitive farm gate milk price.

ADFC farmers are the beating heart of ADFC. From a standing start almost 10 years ago, ADFC has built upon the principal of being a milk supply co-op to treat everyone equally. We have been successful in adding key customers within our portfolio as we continue talking to new and exciting partners to sustainably add long term value to your milk price.

During the previous year, ADFC declined in overall milk volumes and together with the implementation of the mandatory code we were forced to announce a very conservative opening milk price which undermined our ability to underpin our preference of releasing a competitively strong opening milk price. All in all, we finished the FY21 season competitively with our closing milk price. ADFC continues to collect milk in the three Victorian regions of Gippsland, West Vic and Nth Vic. SDA freight continues to collect all off-farm milk for ADFC. Within the 20/21 financial year ADFC sent off farm milk to six key customers and entering the 21/22 financial year ADFC are set for additional new customers. For the financial year 2020/2021, ADFC shareholders produced 286 million litres in total from 148 farms. Once again, we are set to make a small financial profit.





As I write this report and reflect upon my time at ADFC, I think how we have grown and prospered as a business, and as a business my mind considers management succession and the need to ensure the success of ADFC is sustainably and viably built upon for our future. With that said I believe the time is right to relinquish my role as Chair & Board Member of ADFC at this year's AGM. This will provide the opportunity for a northern Victorian ADFC shareholder to come forward to help lead this great co-op. Four years ago, I put my hand up to support the executive roll at ADFC and one day I hoped to find a suitable replacement, well, we have found this person, Andrew Sutton, who grew up on a dairy farm in Northern Victoria. I believe Andrew is a perfect fit for ADFC as he brings a wealth of dairy industry knowledge and contacts to the table that will enable ADFC to further grow and mature to be a good co-operative.

As always, to have the opportunity to lead a business like ADFC you must surround yourself with great people. My family have been a big support for me to be able to fill my roll as executive chair of ADFC. To Paul Casey and Ron Page, a modest but extremely well-functioning and experience team who manage the day-to-day running's of ADFC and to be on call 24/7, it is a credit to you both and thank you for what you do for our farmers. Kelsie Hore thank you for your continued involvement with communications.

The ADFC Board of Directors have been a pleasure to work with and continue to strategically govern ADFC in a positive direction. Finally, our farmers and shareholders, simply without you ADFC does not exist. The dedication to work seven days a week and have a true passion to send ADFC exceptional quality milk is an absolute credit to each of you. Please stay safe in our current covid situation, hopefully we are getting back to some form of normality and please continue to look out and care for one another. *Thank you!*

Yours Sincerely

Scott Sieben  
Chairman & Executive Director



# The Board

## Chairman and Executive Director – Scott Sieben

Scott has been on the ADFC Board since its inception in 2012 and accepted the Chairman's position in February 2013 and the Executive Director role in 2017. Scott is a member of the Australian Institute of Company Directors and is studying for his Diploma of Business Management. Scott and his wife, Jade, have a dairy farm at Torrumbarry in Northern Victoria where they milk 230 cows on 180 hectares.



## Director and Vice Chairman – Peter Mulheron

Peter joined the ADFC Board in April 2017. He has been a dairy farmer for over 40 years and took over the family farm 24 years ago – a farm that had been in the family for over 100 years. Peter and his wife, Trish, and their 24-year-old son James, milk around 220 cows at Swan Marsh in south west Victoria. Peter is committed to ADFC's vision and is keen to help grow and develop the business.



## Director – Darin Blain

Darin was elected to the ADFC Board in November 2016. Darin has over 16 years experience as a dairy focused director at ADFC and Cowbank. Darin is a member of the Australian Institute of Company Directors and currently chairs 2 not for profit organisations for a combined total of 17 years. Darin also has extensive experience working in the broader dairy industry and has provided insight and advice to businesses and farmers about their budgets, commodity markets and forecasts. Darin, Sally and his family have been operating their dairy farm near Timboon in South West Victoria for 28 years.



## Director – Gerald Droppert

Gerald was elected to the ADFC Board in October 2019. Starting and operating a laser grading business, Gerald, along with his wife Jenny, then proceeded to start milking 140 cows on a 428acre farm in Tinamba in Gippsland in 1996. Over the years this farm has been expanded and renovated and they currently milk 550 cows on 780 acres. Gerald has a great understanding and empathy of the challenges dairy farmers face in the industry, having experienced a number over the years.



## Independent Director – Rod Slattery

Rod joined the ADFC Board in June 2017 as a Non-Supplier Director. Rod is a Chartered Accountant and has over 30 years of experience working in a professional environment, with PPB Advisory (17 years) and PwC (18 years). He has provided strategic advice to all levels of agribusiness, in consultation with financiers and advisors to achieve the best outcomes for all stakeholders. Rod is based in regional Victoria (small farm on the Bellarine Peninsula) and is sensitive to the economic and personal impact unique to dairy families and local communities.





# Management Team

## **Executive Director – Scott Sieben**

Scott Sieben has been on the ADFC Board since its inception in 2012, accepting the Chairman's position in 2013 and the Executive Director role in 2017. Scott is a member of the Australian Institute of Company Directors and is studying for his Diploma of Business Management.

## **Operations Manager & Company Secretary – Ron Page**

Ron Page has been with ADFC from the outset and has helped create the unique company that it is today. Ron holds a diploma from the Australian Institute of Company Directors and has served on numerous state government and non-government boards. Ron's commitment to primary industry is supported by a Master of Sustainable Agriculture and a Bachelor of Applied Science (Agriculture). He has worked with dairy farmers throughout Australia for the last two decades and is well placed to provide good governance within ADFC.



## **Finance Manager & Company Secretary – Paul Casey**

Joining ADFC in June 2018, Paul is a member of CPA Australia and a Fellow of the Chartered Institute of Certified Accountants. Originally from an agricultural background in Ireland, for the past 27 years Paul has worked in senior finance positions, in various industries, for large multinationals, SMEs and Federal Government entities in London, Melbourne and Abu Dhabi.



# Board Advisory Committee

The ADFC Board Advisory Committee members are ADFC shareholders from south west, east and northern Victoria. The committee is a great resource for the ADFC Board. The members provide valuable feedback and offer advice regarding board-level decisions.

During the 2020-21 financial year, the following people generously offered their time to serve on the committee: Andrea Thompson, Alana Brennan, Craig Bennett, Rod Sheen, Phil Vines, Gary Wight, Peter Brereton & Douglas Hanks.



# Key Metrics

## Milk Volumes Produced



*WESTERN REGION:*

**128.2** million litres of milk  
(178.2 million in FY20)



*EASTERN REGION:*

**57.4** million litres of milk  
(65.9m in FY20)



*NORTHERN REGION:*

**100.7** million litres of milk  
(108.0 million in FY20)



**Total Volume:**

**286.3** million litres of milk (352.2 million in FY19)

**Total Milk Solids:**

**21.8** million KGs (26.5 million in FY19)

## Number of Farm Supplier Shareholders at 30th June 2021



*WESTERN REGION:*

**57**  
(66 at 30th June 2020)



*EASTERN REGION:*

**18**  
(19 at 30th June 2020)



*NORTHERN REGION:*

**64**  
(61 at 30th June 2020)



**Farm Supplier Shareholders:**

**139**  
(146 at 30th June 2020)



**Number of Staff:**

**3**  
(3 in FY20)



**Number of Directors:**

**5**  
(5 in FY20)



**Staff & Director Related Costs**

**\$/KG MS: \$0.039**  
(\$0.033 in FY20)



**Total Non-Production Overhead**

**Costs \$/KG MS: \$0.060**  
(\$0.058 in FY20)

# Directors' Report

The Directors of Australian Dairy Farmers Corporation Ltd (ADFC) present their report together with the financial statements of the Consolidated Entity, being Australian Dairy Farmers Corporation Ltd (the Company) and its' controlled entity (the Group) for the year ended 30 June 2021 and the independent Audit Report thereon.

## DIRECTORS

The following persons were directors during the financial year and up to the date of this report:

- Scott Sieben - Chairman
- Peter Mulheron – Vice Chairman
- Darin Blain
- Rod Slattery
- Gerald Droppert

See pages 6 & 7 for the biographies of the current board members.

## PRINCIPAL ACTIVITIES

ADFC is an unlisted public company that is owned and run by Australian dairy farmers. There have been no significant changes in the nature of these activities during the year.

## REVIEW OF OPERATIONS

Profit from continuing operations before income tax was \$398,842 (2020: \$886,666) and after income tax was \$279,025 (2020: \$620,444).

Revenue for the year has decreased by 27% from \$206,822,302 to \$150,769,350 which was driven by one main factor, a small number of our larger farm suppliers were able to obtain a higher guaranteed minimum milk price from various processors through individual pricing deals. ADFC does not offer varying prices to our farm suppliers, all are treated equally and receive the same price regardless of size, and as a consequence we were unable to match higher prices on offer elsewhere.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no matters or circumstances that have arisen during the year that led to a significant change in the state of affairs.

## DIVIDENDS

There were no dividends paid or declared for the year ended 30 June 2021 (2020: nil).

## SUBSEQUENT EVENTS

There are no subsequent events to report.

## FUTURE DEVELOPMENTS

The Company expects to continue operating as an ongoing entity and it is expected that new supply arrangements will be entered into with existing and additional new customers.



# Directors' Report

## COVID-19

In March 2020, the World Health Organisation declared the outbreak of a novel Coronavirus (COVID-19) as a pandemic. The spread of COVID-19 has caused significant volatility in the Australian and international markets. The COVID-19 outbreak has not materially impacted the Company's trading results in FY21. The Company does not expect any major repercussions from the COVID-19 pandemic in the coming year as demand for dairy products remains steady in Australia and is not expected to decline.

## UNISSUED SHARES OR ISSUED SHARES UNDER OPTION

There were no unissued shares or issued shares under option during or since year end.

## ENVIRONMENTAL LEGISLATION

The Company's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

## COMPANY SECRETARIES

Ron Page and Paul Casey remain as the Company Secretaries as at the date of this report.

## INDEMNIFICATION AND INSURANCE

During the financial year, the Company paid a premium to insure past and present directors and officers. The insurance contract prohibits further disclosure.

In addition, the Company has indemnified past and present directors and officers of the Company. The indemnity covers legal and other costs incurred in defending certain civil or criminal proceedings that may be brought against the directors or officers while acting in that capacity.

## PROCEEDINGS ON BEHALF OF THE ENTITY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## MEETINGS OF DIRECTORS

The number of eligible board meetings held and attended by each Director during the year was:

	Board Meetings	
	A	B
Scott Sieben	7	7
Darin Blain	7	7
Peter Mulheron	7	7
Gerald Droppert	7	7
Rod Slattery	7	7

Column A – The number of meetings attended.

Column B – Indicates the number of meetings the Directors were eligible to attend.

# Directors' Report

## AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2021 is included on page 12 and forms part of the Directors' Report.

This report is signed in accordance with a resolution of the Directors.



**Scott Sieben**

Chairman

Melbourne, 28<sup>th</sup> September 2021



**Peter Mulheron**

Director

## Auditor's Independence Declaration

### To the Directors of Australian Dairy Farmers Corporation Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Australian Dairy Farmers Corporation Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



A J Pititto  
Partner – Audit & Assurance

Melbourne, 28 September 2021

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# Corporate Governance

## THE BOARD OF DIRECTORS

### Board composition

The board comprises 5 directors: 4 farmer directors and 1 non-supplier director.

The chairman is elected by the board in the first board meeting following the AGM. Directors are generally subject to re-election every three years.

### Board responsibilities

The board is responsible to members for the overall governance of the Company and aims to carry out its responsibilities to create and build value for the benefit of all members.

The board recognises its responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's members. Directors and members of board committees have access to the advice of external experts when required. Requests for advice are approved by the board and advice, when obtained, is made available to the whole board.

The board is responsible to members for the overall governance of the Company and aims to carry out its responsibilities to create and build value for the benefit of all members.

The board typically meets on a monthly basis. In addition, the board has established the following committees to assist with the execution of its duties as well as allow for more detailed consideration of issues. Each committee has a charter which has been approved by the board. Details of board and committee meetings are provided in the Directors' report.

## AUDIT, FINANCE AND GOVERNANCE COMMITTEE

The committee is comprised of all of the directors appointed by the board and is chaired by a director who is not the chairman of the board.

### Composition

The committee currently comprises:

Peter Mulheron

Darin Blain

Rod Slattery

Scott Sieben

Gerald Droppert

The Committee did not meet separately during the year but met as part of the board.

# Consolidated Statement of Profit and Loss and Other Comprehensive Income

**For the year ended 30 June 2021**

	Note	2021	2020
		\$	\$
Sales revenue		150,769,350	206,822,302
Other income	2	16,946	20,646
<b>Total revenues</b>		<b>150,786,296</b>	<b>206,842,948</b>
Cost of materials		(148,895,710)	(204,146,734)
General expenses	2	(574,511)	(807,078)
Finance expenses		(35,958)	(54,394)
Employee benefits expenses	2	(847,891)	(889,226)
Motor vehicle expenses		(17,060)	(20,172)
Depreciation and amortisation expenses		(16,324)	(38,678)
<b>Total expenses</b>		<b>(150,387,454)</b>	<b>(205,956,282)</b>
<b>Profit from continuing operations before income tax</b>		<b>398,842</b>	<b>886,666</b>
Income tax expense	3	(119,817)	(266,222)
<b>Profit from continuing operations after income tax</b>		<b>279,025</b>	<b>620,444</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year attributable to members of the Group</b>		<b>279,025</b>	<b>620,444</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As at 30 June 2021	Note	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	4	1,936,685	2,729,969
Trade and other receivables	5	14,122,106	21,040,742
Other assets	6	67,924	47,388
<b>Total current assets</b>		<b>16,126,715</b>	<b>23,818,099</b>
<b>Non-current assets</b>			
Intangible assets	7	21,561	35,034
Plant & equipment	8	3,392	4,731
Deferred tax asset	9	52,237	44,815
<b>Total non-current assets</b>		<b>77,190</b>	<b>84,580</b>
<b>Total assets</b>		<b>16,203,905</b>	<b>23,902,679</b>
<b>Current liabilities</b>			
Trade and other payables	10	13,541,117	21,492,332
Provisions	11	82,458	51,897
Income tax payable	3	107,900	105,085
<b>Total current liabilities</b>		<b>13,731,475</b>	<b>21,649,314</b>
<b>Total liabilities</b>		<b>13,731,475</b>	<b>21,649,314</b>
<b>Net assets</b>		<b>2,472,430</b>	<b>2,253,365</b>
<b>Equity</b>			
Share capital	19	541,141	601,101
Retained earnings		1,931,289	1,652,264
<b>Total equity</b>		<b>2,472,430</b>	<b>2,253,365</b>

The above statement of financial position should be read in conjunction with the accompanying notes.



# Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Note	Share capital	Retained earnings/	Total
		\$	\$	\$
<b>Balance at 30 June 2019</b>		314,821	1,031,820	1,346,641
Profit for the year		-	620,444	620,444
Other comprehensive income		-	-	-
Total comprehensive income		-	620,444	620,444
Issue of redeemable preference shares	19	400,000	-	400,000
Redemption of redeemable preference shares	19	(90,000)	-	(90,000)
Share issue costs (net of tax benefit)	19	(23,720)	-	(23,720)
<b>Balance at 30 June 2020</b>		601,101	1,652,264	2,253,365
Profit for the year		-	279,025	279,025
Other comprehensive income		-	-	-
Total comprehensive income/(loss)		-	279,025	279,025
Issue of redeemable preference shares	19	155,000	-	155,000
Redemption of redeemable preference shares	19	(190,000)	-	(190,000)
Share issue costs (net of tax benefit)	19	(24,960)	-	(24,960)
<b>Balance at 30 June 2021</b>		541,141	1,931,289	2,472,430

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		157,667,450	196,103,982
Payments to suppliers and employees		(158,291,596)	(194,523,831)
Interest & Other Income received		16,946	20,646
Income tax paid )		(118,272)	(227,396)
<b>Net cash from operating activities</b>	18	<b>(725,472)</b>	<b>1,373,401</b>
<b>Cash flows from investing activities</b>			
Purchase of plant & equipment		(1,513)	(5,418)
Purchase of intangible assets		-	(30,000)
<b>Net cash used in investing activities</b>		<b>(1,513)</b>	<b>(35,418)</b>
<b>Cash flows from financing activities</b>			
Receipts from issue of redeemable preference shares		155,000	400,000
Payments from redemption of redeemable preference shares		(190,000)	(90,000)
Payments for share issue costs		(31,299)	(32,976)
<b>Net cash from/ (used in) financing activities</b>		<b>(66,299)</b>	<b>277,024</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Net (decrease)/increase in cash and cash equivalents for the year		(793,284)	1,615,007
Cash and cash equivalents at the beginning of the financial year		2,729,969	1,114,962
<b>Cash and cash equivalents at the end of the year</b>	4	<b>1,936,685</b>	<b>2,729,969</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial report is for Australian Dairy Farmers Corporation Ltd (formerly Australian Dairy Farmers Co-operative Limited) ('ADFC' or the 'Company'), an unlisted public company incorporated and domiciled in Australia and is the groups ultimate parent.

### (a) Basis of preparation

These consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards' reduced disclosure requirements of the Australian Accounting Standards Board and the Corporations Act 2001. Australian Dairy Farmers Corporation Ltd is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 28 September 2021.

These consolidated financial statements have been prepared on an accrual basis and are based on historical cost modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### (b) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and its subsidiary as of 30 June 2021. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary has a reporting date of 30 June 2021.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

### (c) Going concern basis of accounting

As outlined in Note 23, the Group expects to continue operating as an ongoing entity and has entered into new supply agreements with existing and new customers.

The financial statements of the Group do not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities, which might be necessary should the Group not be able to continue as a going concern.

### (d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions which are subject to an insignificant risk of change in value.

### (e) Trade and other receivables

Trade and other receivables are recognised initially at fair value, which is typically the invoice value, and are subsequently measured at amortised cost less provision for impairment. Trade and other receivables are generally due for settlement within 15 days.

The collectability of receivables is reviewed on an ongoing basis and a provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

### (f) Intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

One trademark was established and registered during FY18. This was capitalised during that financial year and is recognised on the basis of the costs incurred to establish is not being amortised. Its value will be re-measured on an annual basis to determine if impairment has occurred.

All computer software license assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:



# Notes to the Consolidated Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### Intangible assets (cont.)

Software: 4 years

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

### (g) Trade and other payables

Trade creditors and accruals typically represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 15 days of recognition.

### (h) Foreign currency translation

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

### (i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenue is recognised for the major business activities as follows:

#### (i) Sale of goods

A sale is recorded at a point in time when the goods have been delivered to and accepted by the customer or its agent and collectability of the related receivable is probable.

#### (ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

No element of financing is deemed present as the sales are made with a credit term of 30 – 60 days, which is consistent with market practice.

### (j) Members' share capital

Ordinary shares are initially recorded at fair value and are subsequently measured at amortised cost. As a result, the liability is measured at \$1.00 per share. When ordinary shares are repurchased, the consideration of \$1.00 per share is deducted from members' share capital.

### (k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with trade and other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented in operating cash flows.

### (l) Income tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date.

Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

# Notes to the Consolidated Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### **Income tax (cont'd)**

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### **(m) Employee benefits**

#### *Short-term employee benefits*

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries and annual leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

### **(n) Financial instruments**

#### *Financial assets*

The Group's financial assets comprise loans and receivables and cash and cash equivalents. Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

Interest income from these financial assets are recognised using the effective interest rate method. The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group does not hold any equity instruments or classify any financial assets into either the fair value through other comprehensive income, or fair value through profit or loss measurement categories.

#### *Financial liabilities*

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value.

Subsequently, financial liabilities are measured at amortised cost.

# Notes to the Consolidated Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### (o) Significant management judgements

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

#### *Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised.

#### *Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

### (p) Changes in new accounting policies

#### **International Financial Reporting Standards Interpretations Committee final agenda decisions not yet adopted**

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, *Configuration or customisation costs in a cloud computing arrangement*. The decision discusses whether the configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position. The adoption of this agenda decision could result in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

As at 30 June 2021:

- The Company has not adopted this IFRIC agenda decision. The impact of the change is not reasonably estimable as the Company has yet to complete its assessment of the impact of the IFRIC agenda decision. The Company expects to adopt this IFRIC agenda decision in its annual financial statements ending on 30 June 2022;
- Intangible assets relating to cloud computing arrangements of \$10,000 have been capitalized on the Statement of Financial Position and are subject to this detailed assessment;
- The Company's preliminary assessment indicates that the impact is not material.

#### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

# Notes to the Consolidated Financial Statements

	2021 \$	2020 \$
<b>NOTE 2: REVENUE AND EXPENSES</b>		
<b>Other income</b>		
Interest income	16,946	20,646
Other	-	-
	<b>16,946</b>	<b>20,646</b>
<b>Expenses</b>		
General expenses		
Accounting and bookkeeping fees	58,593	60,556
Advertising and marketing	19,120	44,308
Legal fees	13,269	155,955
Software expenses	84,403	98,500
Rent and outgoings	31,645	32,172
Milk Sample testing services	125,283	136,091
Insurance expenses	127,701	139,950
Other expenses	114,497	139,546
Total general expenses	<b>574,511</b>	<b>807,078</b>
Employee benefits expenses		
Wages, salaries	505,105	531,741
Superannuation	65,337	66,710
Directors' fees	222,649	210,472
Other	54,800	80,303
Total employee benefits expenses	<b>847,891</b>	<b>889,226</b>
<b>NOTE 3: INCOME TAX</b>		
The major components of tax expense and the reconciliation of the expected tax expense based on effective tax rate of 30% (2020: 30%) and the reported tax expense in profit or loss are as follows:		
<b>Profit from ordinary activities before tax</b>	<b>398,842</b>	886,666
Prima facie tax expense on the profit from ordinary activities calculated at 30%	<b>119,653</b>	266,000
Other	<b>164</b>	222
Income tax expense	<b>119,817</b>	266,222
<b>Tax expense comprises:</b>		
• Current tax expense	<b>120,900</b>	231,869
• Deferred Tax Expense	<b>(1,083)</b>	24,187
• Other tax expense	-	10,166
Income tax expense	<b>119,817</b>	266,222
<b>Income tax payable comprises:</b>		
Income tax payable in relation to current year (refundable)	<b>107,900</b>	105,085
Income tax payable (refundable)	<b>107,900</b>	105,085

# Notes to the Consolidated Financial Statements

	2021	2020
	\$	\$
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>		
Cash at bank	1,936,685	2,729,969
<b>NOTE 5: TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	13,272,268	20,990,106
Other receivables	849,838	50,636
Total trade and other receivables	14,122,106	21,040,742
<b>NOTE 6: OTHER ASSETS</b>		
Prepayments	52,987	47,388
GST Receivable	14,937	-
Total other assets	67,924	47,388
<b>NOTE 7: INTANGIBLE ASSETS</b>		
<b>Computer software license at cost</b>		
Balance at beginning of year	23,473	29,861
Additions during the year	-	30,000
(Less) amortisation expense	(13,473)	(36,388)
Balance at end of the year	10,000	23,473
<b>Trademarks at cost</b>		
Balance at beginning of year	11,561	11,561
Additions during the year	-	-
(Less) amortisation expense	-	-
Balance at end of the year	11,561	11,561
Total Intangible Assets	21,561	35,034
<b>NOTE 8: PLANT &amp; EQUIPMENT</b>		
<b>Computers at carrying value</b>		
Balance at beginning of year	4,731	1,590
Additions during the year	1,512	5,420
(Less) depreciation expense	(2,851)	(2,279)
Balance at end of the year	3,392	4,731
<b>Office equipment at carrying value</b>		
Balance at beginning of year	-	13
Additions during the year	-	-
(Less) depreciation expense	-	(13)
Balance at end of the year	-	-
Total plant and equipment	3,392	4,731



# Notes to the Consolidated Financial Statements

## NOTE 9: DEFERRED TAX ASSETS

	1 July 2020	Recognised in profit or loss	Recognised directly in equity	30 June 2021
	\$	\$	\$	\$
<b>Liabilities</b>				
Accruals	21,341	14,343	-	35,684
<b>Other</b>				
Section 40-880 deductions	23,474	(13,260)	6,339	16,553
	<u>44,815</u>	<u>1,083</u>	<u>6,339</u>	<u>52,237</u>

  

	1 July 2019	Recognised in profit or loss	Recognised directly in equity	30 June 2020
	\$	\$	\$	\$
<b>Liabilities</b>				
Accruals	21,651	(310)	-	21,341
<b>Other</b>				
Section 40-880 deductions	47,351	(34,043)	10,166	23,474
	<u>69,002</u>	<u>(34,353)</u>	<u>10,166</u>	<u>44,815</u>

## NOTE 10: TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Current		\$
Trade creditors	13,473,127	21,389,247
Accrued expenses	46,054	62,100
GST Payable	-	2,375
Other current liabilities	21,936	38,610
Total trade and other payables	<u>13,541,117</u>	<u>21,492,332</u>

## NOTE 11: PROVISIONS

	2021	2020
	\$	\$
Current		
Annual Leave	60,814	30,329
Long Service Leave	21,644	21,568
Total provisions	<u>82,458</u>	<u>51,897</u>

Provision for annual leave represents the Group's obligations to its current employees that are expected to be settled in the 2022 financial year.

# Notes to the Consolidated Financial Statements

## NOTE 12: FINANCIAL ASSETS AND LIABILITIES

Note 1(n) provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	2021	2021	2020	2020
	Financial assets at amortised cost	Total	Financial assets at amortised cost	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,936,685	1,936,685	2,729,969	2,729,969
Trade and other receivables	14,122,106	14,122,106	21,040,742	21,040,742
	<b>16,058,791</b>	<b>16,058,791</b>	23,770,711	23,770,711
	Other liabilities at amortised cost	Total	Other liabilities at amortised cost	Total
	\$	\$	\$	\$
<b>Financial liabilities</b>				
Trade and other payables	13,541,117	13,541,117	21,492,332	21,492,332
	<b>13,541,117</b>	<b>13,541,117</b>	21,492,332	21,492,332

The carrying amount of the following financial assets and liabilities are considered a reasonable approximation of fair value:

- cash and cash equivalents
- trade and other receivables
- trade and other payables

## NOTE 13: CAPITAL COMMITMENTS

The Group has no capital commitments for expenditures as at 30 June 2021 (2020: nil).

# Notes to the Consolidated Financial Statements

2021	2020
\$	\$

## NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any contingent liabilities or contingent assets as at 30 June 2021 (2020: nil).

## NOTE 15: AUDITOR'S REMUNERATION

### Audit services – Grant Thornton

Remuneration for audit or review of annual & half yearly financial statements

49,150	47,400
--------	--------

### Other services – Grant Thornton

- investigating accountant

9,500	9,500
-------	-------

- taxation services

7,500	8,000
-------	-------

Total other services remuneration

17,000	17,500
--------	--------

Total auditor's remuneration

66,150	64,900
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## NOTE 16: KEY MANAGEMENT PERSONNEL DISCLOSURES

**(a) Directors** The Directors of the Group during the year and up to the date of the Directors' Report were:

Scott Sieben (Chairman), Darin Blain, Peter Mulheron, Gerald Droppert and Rod Slattery.

**(b) Principles used to determine the nature and amount of remuneration**

Remuneration was provided to Directors during the period for duties performed as Directors of the Group.

**(c) Key management personnel compensation**

Short-term employment benefits	222,649	210,472
Post-employment benefits (superannuation)	17,351	16,195
Total key management personnel compensation	240,000	226,667

The compensation noted above comprises the fixed fees for all Directors during the year (inclusive of superannuation).

## NOTE 17: RELATED PARTY TRANSACTIONS

There is no outstanding payable/receivable from related parties as at 30 June 2021 (2020: nil).

## NOTE 18: CASH FLOW RECONCILIATION

Profit/(loss) attributable to members	279,025	620,444
<i>Non-cash items in operating profit</i>		
Depreciation and amortisation	16,324	38,678
<i>Movement in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	6,924,978	(10,705,012)
Increase in other assets	(20,537)	(4,054)
(Increase)/decrease in deferred tax assets	(7,422)	24,187
(Decrease)/increase in trade and other payables	(7,951,216)	11,371,567
Increase in provisions	30,561	22,208
Increase in income tax payable	2,815	5,383
Net cash (used in)/from operating activities	(725,472)	1,373,401

# Notes to the Consolidated Financial Statements

## NOTE 19: SHARE CAPITAL

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends of the Co-operative in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each shareholder is entitled to one vote.

### Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to members and for other stakeholders and to maintain an optimal structure to reduce costs of capital.

In order to maintain or adjust the capital structure the Group may reduce its share capital, adjust the amount of dividends paid to shareholders including through the dividend re-investment plan (currently suspended) or may guarantee capital through deductions from payments to members of milk supplies under the terms of its share acquisition program (currently suspended).

The board of Directors and the audit, finance and governance committee monitor the capital needs of the Group.

	2021	2020	2021	2020
	No. of Shares	No. of Shares	\$	\$
Opening balance – shares of \$1 each (fully paid)	172	172	172	172
Redeemable preference share issues – shares of \$1 each (fully & partly paid)	695,000	730,000	695,000	730,000
Share issue costs (net of tax benefit)	-	-	(153,859)	(129,071)
Closing Balance	695,172	730,172	541,141	601,101

In accordance with the Group's constitution, ordinary and redeemable preference shares were issued during the year of which none of the proceeds was unpaid at 30 June 2021. The redemption of preference shares and payment of dividends are at the discretion of the Board.

## NOTE 20: COMPOSITION OF THE GROUP

Set out below details of the subsidiaries held directly by the Group:

Name of the subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group	
			30 June 2021	30 June 2020
ADFC Nominees Pty Ltd	Australia. Suite 222a, 757 Bourke Street, Docklands, Victoria, 3008	Trustee for dry ordinary share class of shares for group	100%	100%

### Significant judgements and assumptions

The Group holds 100% of the ordinary shares and voting rights in ADFC Nominees Pty Ltd. The Group has appointed five (5) of ADFC Nominees Pty Ltd.'s Board of Directors out of a total of five (5). ADFC Nominees Pty Ltd was incorporated on the 6<sup>th</sup> October 2017.

# Notes to the Consolidated Financial Statements

## NOTE 21: FINANCIAL INSTRUMENT RISK

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 12. The main type of risk is credit risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risk to which the Group is exposed is described below.

### Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for one financial instrument, the granting of credit to trade debtors. The Groups maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date as detailed in Note 12 above. The Group continuously monitors trade receivables and there were none overdue at the reporting date, or were none overdue through-out the reporting period.

## NOTE 22: PARENT ENTITY INFORMATION

Information relating to Australian Dairy Farmers Corporation Ltd (the Parent Entity)

	2021 \$'000	2020 \$'000
<b>Statement of financial position</b>		
Current assets	16,126,715	23,818,099
Total assets	16,203,905	23,902,679
Current liabilities	13,731,475	21,649,314
Total liabilities	13,731,475	21,649,314
Net assets	2,472,430	2,253,365
Issued capital	541,141	601,101
Retained earnings	1,931,289	1,652,264
Total equity	2,472,430	2,253,365
<b>Statement of profit or loss and other comprehensive income</b>		
Profit for the year	279,025	620,444
Other comprehensive income	-	-
Total comprehensive income	279,025	620,444

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.



# Notes to the Consolidated Financial Statements

## **NOTE 23: ECONOMIC DEPENDENCE**

The Group is dependent upon a small number of customer agreements. At the date of this report supply for FY22 has already commenced under agreed pricing and volume terms.

## **NOTE 24: EVENTS AFTER THE REPORTING PERIOD**

In March 2020, the World Health Organisation declared the outbreak of a novel Coronavirus (COVID-19) as a pandemic. The spread of COVID-19 has caused significant volatility in the Australian and international markets. The COVID-19 outbreak has not materially impacted the Company's trading results in FY21. The Company does not expect any major repercussions from the COVID-19 pandemic in the coming year as demand for dairy products remains steady in Australia and is not expected to decline.

There are no events after the reporting period other than that noted in Note 25 below.

## **NOTE 25: FINANCING FACILITY**

During the year The Group had access to an overdraft facility of \$1m with the National Australia Bank. At the date of signing of this report the overdraft facility has been surrendered and The Group now has access to a \$3m debtors finance facility. It is intended to use this facility for very short-term funding requirements as and when required. The facility is secured against the trade debtors of the company.

## **NOTE 26: GROUP DETAILS**

The registered office and principal place of business is:  
Suite 222A 757 Bourke Street Docklands VIC 3008

# Directors' Declaration

In the opinion of the Directors of Australian Dairy Farmers Corporation Ltd:

- (a) the financial statements and notes of Australian Dairy Farmers Corporation Ltd and Group, as set out on pages 9 to 29, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date.
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Australian Dairy Farmers Corporation Ltd and Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



**Scott Sieben**

Chairman

Melbourne, 28<sup>th</sup> September 2021



**Peter Mulheron**

Director

## Independent Auditor's Report

To the Members of Australian Dairy Farmers Corporation Ltd

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Australian Dairy Farmers Corporation Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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Grant Thornton Audit Pty Ltd ACN 130 913 594  
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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors' for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



A J Pititto  
Partner – Audit & Assurance

Melbourne, 28 September 2021







**ADFC** | AUSTRALIAN  
DAIRY FARMERS  
CORPORATION  
*Fairness for our farmers*



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