



ANNUAL REPORT

YEAR ENDING 30 JUNE 2025



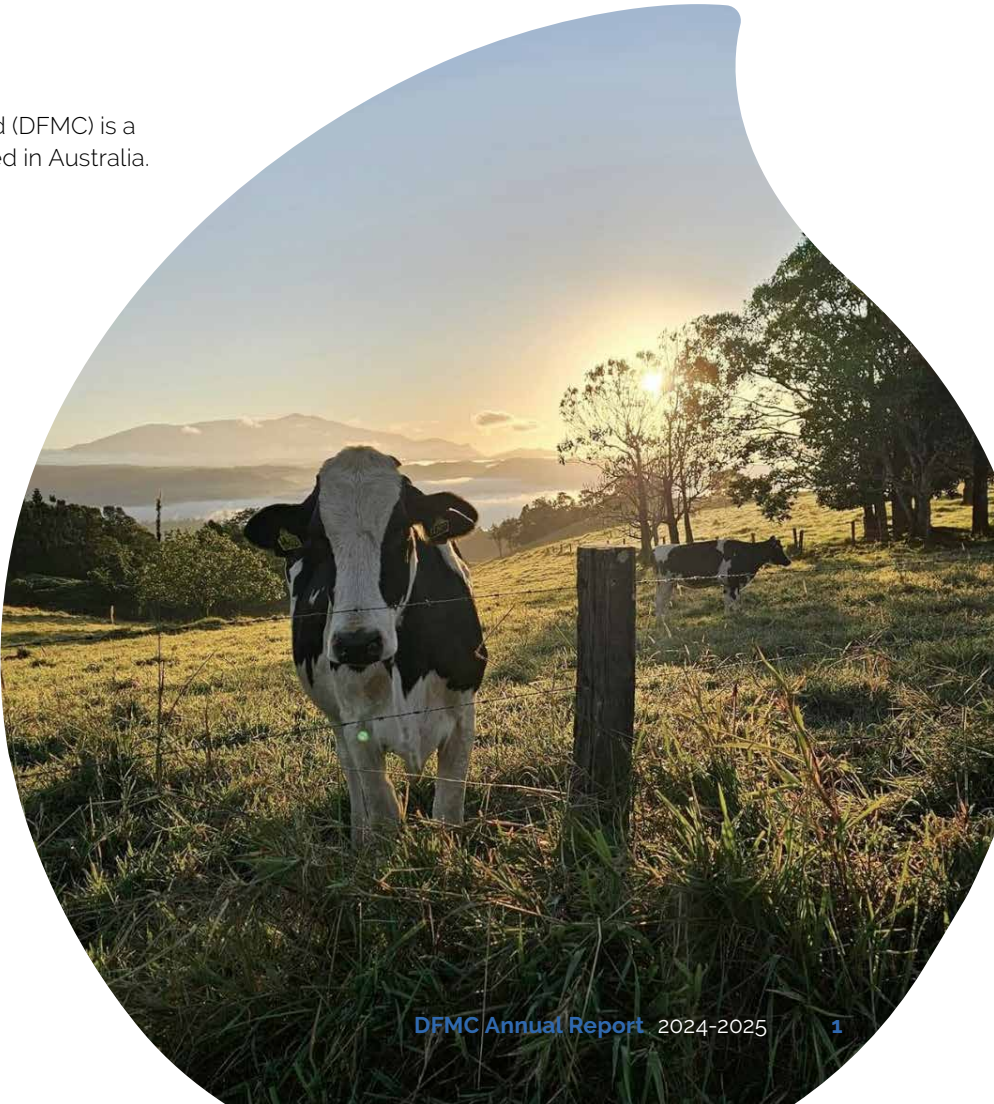
DAIRY FARMERS MILK CO-OPERATIVE
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		EXECUTIVE OFFICER & SECRETARY
		Mark Kebbell

**REGISTERED OFFICE
AND PRINCIPAL PLACE
OF BUSINESS**

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Dairy Farmers Milk Co-operative Limited (DFMC) is a
Co-operative incorporated and domiciled in Australia.



CHAIRMAN'S REPORT

In presenting my chairman's report, I would firstly like to thank all our loyal members that have entrusted us with managing their hard-earned milk and to officially welcome our new members. Some of you have returned to DFMC, while others are supplying us for the first time, both of which indicate our ability to be competitive in the squabble for milk supply. In my travels through our supply regions, it is blatantly obvious to me that the key component to our members, other than competitive milk pricing of course, is the service provided by our management team. From the Atherton Tablelands to the Fleurieu Peninsula the message is clear. Our management team assist with vital information and support to enable our members to do what they do best - provide high quality milk to the Bega processing plants.

This is a Co-operative doing what it's designed to do - bring benefits and returns to members in a fair and transparent manner. This is evidenced again this year as we've grown our milk supply and membership. This is primarily due to constant and dedicated efforts from our regional managers, Dominic and Damien, along with Finance Manager Robert Goodwin, who are all led by our EO Mark Kebbell. Our management team have had a very productive year and at this point I'd like to thank and congratulate them all for a very fine year.

The low number of suppliers in Victoria remains a concern. Historically, DFMC processing partners, National Foods and Lion Dairy & Drinks, have almost exclusively processed and marketed consumer branded products. These product categories have typically enabled processors to pay a little more at the farmgate than those processing commodity, or bulk, products. Bega have strong presence in both segments which has created farmgate pricing challenges. DFMC worked with Bega to develop a model to differentiate, recognizing a flatter supply curve, commitments to quality and environmental issues. The 9-2/12 pricing offer generated a lot of interest initially indicating the concept is strong but unfortunately this waned as higher pricing from competitors proved more attractive. Our organic farmer numbers continue to grow in Victoria with our partnership with Five:am.

Our South Australian (Region 4) director position remained unfilled in the "casual vacancy" period, whereby an unopposed nomination can be appointed director until the next AGM. Ken Bond, a long-time member from Yankalilla on the Fleurieu Peninsula, has nominated and has sat on the board as an observer since May. If there is only one nominee regional directors must now go through a process like our independent directors whereby members are asked to vote for or against. At the time of writing this process is taking place.

We reframed the Ward Representative Advisory Committee (WRAC) as the Co-operative Advisory Representatives (CAR) with programs through the year on governance, meetings following last year's AGM with industry bodies and mentor programs. Many thanks to the current group of CARs as we look to support involvement beyond the farmgate and the next generation of dairy industry leaders.

Many of you will be aware of DFMC's involvement in an exciting project in Far North Queensland, modelled on the successful Circular Head Farms business, that actively creates pathways into dairy farm ownership for young farmers via share farming. This project is very much a pilot with the intention to leverage the initial investments and be followed by similar schemes in other DFMC farming regions in future.

The relationship we have with Bega is unique in the Australian dairy sector and I can confidently say it is a mutually beneficial relationship. The Milk Aggregation Supply Agreement has been successfully renewed, with some minor updates and now extends through until June 2028.

Financially, DFMC experienced another successful year reporting a small loss from continuing operations before income tax of \$55,000. We are forever grateful for the work the Directors did some 16 years ago in establishing our investment portfolio. In November 2024 the co-operative distributed to members \$248k, in a combination of dividends and rebates. As a result, from the distribution the co-operative made an operating loss of \$307k. With the profit from sale and revaluation of investments, comprehensive income for the year attributable to members was \$982,000.

Thank you to my fellow directors of the DFMC board, with our farmer directors representing their respective regions but selflessly looking beyond to the greater good of the co-operative. Independent director Michael Scales provides valuable insight and advice as chair of the audit and finance committee.

I have thoroughly enjoyed chairing our board this year and am extremely excited for our future as we expand and grow our supply and members.

Yours Sincerely


Trevor Middlebrook
Chairman



EXECUTIVE OFFICERS REPORT



The national dairy production story has been dominated by the extended drought conditions in Victoria and South Australia. Many other regions were significantly impacted by extreme weather conditions during the year as well. Together, these events have reflected in Dairy Australia surveys of farming businesses, with a significant drop in those that are positive about the industry.

The Far North Queensland region has experienced a markedly improved season, in contrast to the prolonged wet conditions that impacted operations in the prior year. As a result, the factory is currently benefiting from a substantial uplift in milk production as at the end of the financial year. There is strong on-farm momentum, with increased interest in expanding supply capacity, and replacement heifers continue to be in high demand. Encouragingly, there has also been a rise in enquiries from producers seeking to re-enter the dairy sector, signalling renewed confidence in the local industry. The region is well positioned to consolidate its recovery and support sustainable growth into the year ahead.

Favourable seasonal conditions across Southeast Queensland have contributed to a significant year-on-year increase in milk supply to the Crestmead site. A growing number of farms are investing in advanced technologies and capital infrastructure — including cow collars, feedpads, and compost barns — with these investments now delivering tangible productivity gains. Reflecting strong on-farm confidence, several operations in the Darling Downs are achieving a more consistent year-round supply profile, while coastal farms in traditional seasonal calving regions are also reporting elevated production levels.

Despite severe flooding in the Mid North Coast and South Coast regions in Autumn 2025 seasonal conditions have improved in much of NSW. East Coast Low pressure systems have challenged suppliers in the Hunter and Illawarra regions and again the resilience of producers in these areas has been tested. These rainfall events have been regular and extreme and have caused chaos with stock management and supplying quality milk.

However challenging the conditions have been, it has seen considerable resulting pasture growth and the coming spring has suppliers in a good position to conserve plenty of home-grown fodder. DFMC has had one farm retirement in the Hunter Region - one supplier switch to a rival processor in the Illawarra and a new supplier join in the Mid North Coast.

Seasonal conditions in Victoria varied greatly between regions. Western District and Northeast suppliers had a poor spring and a late break which coincided with one of the driest 18-month periods on record. Recovery in these regions has been slow, and producers will be hoping for a "soft" and extended spring this season to assist recovery.

Northern suppliers have fared better with reasonable water allocations and pricing providing the opportunity to produce home grown feed.

Conventional supplier numbers have remained steady while we have welcomed four new Organic suppliers in the last year.

Over the last year South Australia has suffered from drought conditions, and it is a credit to the resilience of suppliers that they have managed to maintain supply during these difficult times. A late break has seen some slow pasture growth this winter and suppliers will be hoping for a above average spring to replenish hay stocks that were exhausted by both local and interstate demand. Supplier numbers were bolstered with the recruitment of four Beston Farms in December 2024 after the company went into administration as well as a returning supplier in July. One of these farms has since switched to another processor.

Partnerships

The partnership with Bega is clearly fundamental and the Milk Aggregation Supply Agreement (MASA) is the bedrock on which that is built. In negotiating the recent renewal, a small and sensible change to the Aggregation Fee as prescribed in the MASA was agreed. Whilst the headline annual amount remains \$600,000 there is provision in the renewed agreement to see this lift or drop if milk volumes supplied under the agreement differ significantly from the current (circa 130 million litres per annum).

Once again, the farmgate milk price negotiations that occur in the lead-up, and post, June 1 were constructive and effective. Of note, the pricing offers in FNQ now include an option to be paid with a portion based on milk solids and a portion based on litres supplied. With a number of suppliers on multi-year contracts in NSW and Queensland there are typically fewer transitions from one processor to another.

The Tablelands Dairy Pathways project is based on the successful Circular Head Farms business in northwest Tasmania. Founder and managing director Stephen Fisher very generously agreed to not only share the model's structures and values but to be actively involved in an advisory committee that is rolling the concept out in Far North Queensland.



Acknowledgements

The board has once again provided management with strong guidance and support. The ability of the regional directors to step back from the immediacy of their own farming businesses and regions to consider wider good of co-operative is respected by all.

Northern Regional manager, Damien Tessmann has built very solid relationships with the members in the two Queensland regions. The pricing and contracting period each year is, of course, particularly busy with competition invariably strong when opportunities arise. The relationships built through the course of the year are integral to winning new supply and are a strong reflection of Damien's approach to service. Connections to industry bodies is a great strength and provides great benefits for our members.

Southern Regional manager, Dom Baxter, with responsibilities for NSW, Nth Victoria, and South Australia, continues to manage the organic farming members negotiating a direct supply agreement with Five.am. The sheer scale of the region Dom is responsible for brings undoubted challenges which is managed very well.

Finance Manager Robert Goodwin continues to manage the diversity of the role very well. Rob has more recently taken on the responsibility of rebuilding and managing our competitor price models which are invariably complex and ever-changing. This important area is integral to our role in representing our farmers in negotiations. Managing the milk payment platform, Madcap, for our organic suppliers and Five.am is a valuable service to both parties.



DIRECTORS REPORT



In accordance with a resolution of Directors, the Directors of Dairy Farmers Milk Co-operative Limited ('DFMC' or the 'Co-operative') present their report on the Co-operative for the year ended 30 June 2025.

Directors

The following persons were directors during the financial year and/or are current sitting directors at the time of this report:

- Trevor Middlebrook (Chairman)
- Michael Scales
- James Geraghty
- Andrew Wilson
- Ross McInnes

Principal Activities

DFMC is governed by the Cooperatives (Adoption of National Law) Act 2012 and is domiciled in Australia.

There were no significant changes in the nature of DFMC's activities during the year.

Review of Results and Operations

Loss from continuing operations after income tax and before member distributions of \$60 thousand (2024: profit of \$171 thousand).

A review of operations is contained in the Chairman's and Executive Officer's Reports within this Annual Report.

Dividends

Dividend information is included in note 5 of the financial report.

Significant Changes in the State of Affairs

There have been no significant changes to the state of affairs during the 2024/25 financial year.

Subsequent Events

Bega Dairy & Drinks (BDD) has maintained their commercial milk requirements for DFMC which will see similar commercial requirements of Milk for BDD in 2025/26 financial year.

Future Developments

The Co-operative expects to continue operating as an ongoing entity with a sustainable capital base and hence there are no likely developments in the Co-operative's operations.

Environmental Performance

By virtue of the Milk Supply Agreement, whereby milk purchased from farmer members is simultaneously on-sold to Dairy Farmers Limited, the Co-operative is not subject to any environmental legislation of significance.

Company Secretary

Mark Kebbell joined DFMC as its Executive Officer in October 2016 and is responsible for the operations of the Co-operative, including the development and implementation of its strategic vision, in conjunction with the Board.

Indemnification and Insurance

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

In addition, pursuant to its Rules, the Co-operative has indemnified past and present directors and officers of the Co-operative. 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 for leave of court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings.

The Co-operative was not a party to any such proceedings during the year.

Rounding of Amounts

The Co-operative is of a kind referred to in the class order 'Rounding in Financial Reports and Directors' Reports', issued by the Registrar of Co-operatives relating to the 'rounding off' of amounts in the Directors' Report.

Amounts in the Directors' Report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditors' Independence Declaration

The lead auditors' independence declaration for the year ended 30 June 2025 as required by section 307C of the Corporations Act 2001 is set out on page number 4.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001

On behalf of the directors

Trevor Middlebrook
Trevor Middlebrook
Chairman
13 October 2025

To the Directors of Dairy Farmers Milk Co-operative Limited

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Dairy Farmers Milk Co-operative Limited for the financial year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Nexia Sydney Audit Pty Ltd



Vishal Modi

Director

ASIC registered company auditor no.: 486119

Dated at Sydney this 13th day of October 2025

Nexia Sydney Audit Pty Ltd (ABN 77 606 785 399) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

Board composition

The DFMC Board comprised five directors: four farmer directors and one independent director.

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

Board responsibilities

The board is responsible to members for the overall governance of the Co-operative 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 Co-operative'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 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 three directors appointed by the board and is chaired by a director who is not the chairman of the board.

The chairman attends all committees by invitation.

Composition

The committee currently comprises:

- Michael Scales (Chair)
- Trevor Middlebrook
- Andrew Wilson

Access and reporting

The committee maintains direct, unfettered access to the external auditor.

Representatives of the external audit firm attend meetings of the committee as and when required. The committee has full access to the Co-operative's records. The key issues and reports discussed at each committee meeting are reported to the board by the chairman of the committee at DFMC Board meetings.



Responsibilities

The role of the committee is to assist the board of directors to fulfil its responsibility relating to the financial management and governance of the Co-operative. To fulfil this role, the committee endeavours to:

- Consider the financial implications of future major decisions including policies of the board.
- Research, prepare and present fiscally responsible recommendations to improve the attractiveness of members' investment in the Co-operative.
- Ensure the existence of procedures to manage and mitigate major risks and exposures.
- Improve the quality of financial reporting and increase credibility and objectivity by reviewing the financial statements on behalf of the board.
- Strengthen the position of the external auditor by providing a channel of communication and a forum in which to raise specific issues of concern.

External Audit Appointment and Supervision

- a) Appointment: The committee nominates the external auditor to the board for appointment by members.
- b) Independence: The Co-operative will not invite any ex-audit partners to be appointed as directors.
- c) Audit plans: The committee reviews and approves the overall scope and plans for audit activities, including staffing and fees.
- d) Audit reports: The committee reviews all reports provided by the external auditor.

MEMBER SERVICES COMMITTEE

With the restructuring of the board it was decided that the responsibilities for Member Services be addressed by the full board.

Responsibilities

The role of the committee is to consider issues relating to the supply of milk and also address milk payments and pricing.

The role of the committee is to consider issues relating to the development and accountability of the regional farmer representative system – the Co-operative Advisory Representatives (CAR) – previously the Ward Representative Advisory Council (WRAC).

Communication with Members

The Co-operative ensures members are informed of all major developments. This is achieved through a range of activities including:

- This annual report being distributed to all members.
- The annual general meeting, which members are encouraged to attend.
- The national convention which is held each year.
- Letters, emails and SMS messages.
- DFMC website www.dfmc.org.au

CAR (Co-operative Advisory Representatives)

The Co-operative ensures that an active, functioning and accountable farmer representative system is maintained. The function of the CAR is to consider issues presented to them by the DFMC Board. Typically, these include issues on policy and strategy.

- Issues are considered in the context of the farms and farmers from within the CAR member's region.
- CAR members are provided with skills-based training to better prepare them as leaders of the dairy industry.

Farmer Development

The Co-operative is looking to encourage personal development amongst members whilst at the same time developing a succession plan for the Co-operative. This is achieved through a range of activities including:

- Development of a Farmer Program.
- Development and managing the Co-operative Advisory Council
- Elections and working closely with the Chairs of the Working Groups.
- Development Director training and personal development of Working Groups Chairs.

The CAR was recently re-modelled, with the same core elements as above and will become known as the Cooperative Advisory Representatives (CAR). The CAR is formed with younger members and have a focus on leadership development.

MILK PRICE AND POLICY COMMITTEE

The committee is comprised of four directors appointed by the board, and is chaired by a director who is not the chairman of the board. The chairman attends all committees by invitation.

The chairman attends all committees by invitation.

Composition

The committee currently comprises:

- Trevor Middlebrook (chair)
- James Geraghty
- Andrew Wilson

Access

The committee maintains detailed records on competitive milk pricing, utilises pricing models and engages in negotiations with Bega executives to establish the milk price and Anticipated Full Demand (AFD) for our regions. Additionally, the committee has access to independent industry analysis.

Responsibilities

The role of the committee is to provide guidance and approval to nominated management who negotiate on behalf of the DFMC Board and our members the base milk price and regional AFD for the coming financial year. The committee reports back to the board and makes recommendations for board consideration and approval. To fulfil this role, the committee and management:

- Collates competitive milk prices paid in each region.
- Considers market supply and demand conditions including seasonal weather conditions.
- Tracks farm costs of production trends.
- Seeks independent counsel and monitors closely retail market share trends and BDD commercial sales of milk products that determine DFMC Regional AFD.
- Monitors historical production data taking into account the processors entire milk intake.



STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025	Notes	2025 \$'000	2024 \$'000
Sales revenue	2	104,813	107,811
Cost of sales		(104,813)	(107,811)
Gross profit		-	-
Administration revenue			
Aggregation fee revenue	2	600	600
Service fee revenue	2	27	9
Administration expenses	3	(1,458)	(1,231)
Net administration result		(831)	(622)
Investment revenue			
Dividend revenue – Equities	2	621	657
Interest revenue	2	212	184
Fees and charges			
Portfolio advisory fees, interest and other charges	3	(57)	(54)
Net investment and financing result		776	787
(Loss)/profit from continuing operations before income tax		(55)	165
Income tax (expense) / benefit	4	(5)	6
(Loss)/profit from continuing operations after income tax before member distributions		(60)	171
Members' dividend payments* - ordinary	5	(115)	(158)
Farmers rebate	5	(132)	(133)
Loss for the year	17	(307)	(120)
Other comprehensive Income: Items that may be reclassified to profit or loss, net of tax			
Net profit on sale of financial assets		514	44
Net profit on revaluation of financial assets		775	1,296
Other comprehensive income for the year		1,289	1,340
Total comprehensive income for the year attributable to members of the Co-operative		982	1,220

* Note that in accordance with AIFRS, members' share capital ('ordinary shares') is treated as a liability. Accordingly, net assets are presented after deducting members' share capital and total equity is presented excluding members' share capital. Refer also to notes 1(h), 5 and 16.

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

STATEMENT OF FINANCIAL POSITION



As at 30 June 2025	Notes	2025 \$'000	2024 \$'000
Current assets			
Cash and cash equivalents	6	302	666
Receivables	7	1,624	1,240
Other current assets	8	77	137
Financial assets	9	3,280	3,200
Total current assets		5,283	5,243
Non-current assets			
Receivables	7	12	147
Financial assets	9	16,371	15,251
Deferred tax asset	10	41	46
Right-of-use assets	11	80	78
Intangible assets		-	2
Total non-current assets		16,504	15,524
Total assets		21,787	20,767
Current liabilities			
Payables	12	150	137
Contract liability	13	150	150
Lease liability	14	39	25
Provisions	15	96	83
Total current liabilities		435	395
Non-current liabilities			
Provisions	15	63	42
Members' share capital*	16	2,969	2,982
Lease liability	14	51	61
Total non-current liabilities		3,083	3,085
Total Liabilities		3,518	3,480
Net Assets		18,269	17,287
Equity			
Retained profits	17	12,345	12,118
Reserves	20	5,924	5,169
Total equity		18,269	17,287

* Note that in accordance with AIFRS, members' share capital ('ordinary shares') is treated as a liability. Accordingly, net assets are presented after deducting members' share capital and total equity is presented excluding members' share capital. Refer also to notes 1(h), 5 and 16.

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

STATEMENT OF CHANGES IN EQUITY

	Retained profits \$'000	Financial assets reserve \$'000	Total \$'000
For the year ended 30 June 2025			
Balance at 1 July 2023*	12,503	3,829	16,332
Loss attributable to the Co-operative	(120)	-	(120)
Issue of bonus shares	(265)	-	(265)
Total other comprehensive income for the year	-	1,340	1,340
Balance at 30 June 2024*	12,118	5,169	17,287
Loss attributable to the Co-operative	(307)	-	(307)
Transfer to retained profits	534	(534)	-
Total other comprehensive income for the year	-	1,289	1,289
Balance at 30 June 2025*	12,345	5,924	18,269

* Note that in accordance with AIFRS, members' share capital ('ordinary shares') is treated as a liability. Accordingly, net assets are presented after deducting members' share capital and total equity is presented excluding members' share capital. Refer also to notes 1(h), 5 and 16.

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

STATEMENT OF CASH FLOWS



	Notes	2025 \$'000	2024 \$'000
For the year ended 30 June 2025			
Cash flows from operating activities			
Receipts from customers		326	435
Payments to suppliers, employees and directors		(1,399)	(1,230)
Dividends received		621	657
Interest received		212	184
Dividends and farm rebates paid		(144)	(167)
Net operating cash flows	25	(384)	(121)
Cash flows from investing activities			
Payment for investment in financial assets		(1,331)	(1,909)
Proceeds from sale of financial assets		1,500	3,812
Payments to acquire term deposits		(80)	(1,250)
Net investing cash flows		89	653
Cash flows from financing activities			
Farm loans issued		(667)	(1,247)
Farm loan repayments received		749	650
Repayment of lease liability		(34)	(21)
Repayment of share forfeitures		(117)	(138)
Net financing cash flows		35	(756)
Net decrease in cash		(364)	(224)
Cash at the beginning of the financial year		666	890
Cash at the end of the year	6	302	666

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

NOTES TO THE 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 includes separate financial statements for Dairy Farmers Milk Co-operative Limited ('DFMC' or the 'Co-operative').

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations, the Co-operatives National Law and the applicable sections of the Corporations Act 2001..

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The Co-operative is a for-profit entity for the purpose of preparing the financial statements.

These 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.

The financial statements for the year ended 30 June 2025 were approved and authorised for issue by the Board of Directors on 13 October 2025.

(b) Cash and cash equivalents (note 6)

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts.

(c) Receivables (note 7)

(i) Other receivables

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. Other receivables are generally due for settlement within 30 days. Farmer loans generally have terms ranging from 12 to 24 months.

(ii) Collectability

The collectability of other receivables, subordinated loans and farmer loans are reviewed on an ongoing basis and a provision for impairment is established when there is objective evidence that the Co-operative will not be able to collect all amounts due according to the original terms of the receivables.

(d) Impairment

Assets are reviewed for impairment whenever events or change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss

is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's value in use and its fair value less costs to sell. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Payables (note 12)

Trade creditors and accruals typically represent liabilities for goods and services provided to the Co-operative prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(f) Borrowings

Borrowings are classified as current liabilities unless the Co-operative has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Share forfeit loans are initially recognised at fair value and are subsequently measured at amortised cost. As a result, the liability is measured at \$1.00 per share forfeited.

(g) Employee benefits (note 15)

i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the undiscounted amount that the Co-operative expects to pay as a result of the unused entitlement.

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee, departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii) Retirement benefit obligations

All employees of the Co-operative are entitled to benefits from the Co-operative's defined contribution superannuation plan on retirement, disability or death. Obligations for contributions to defined contribution

super funds are recognised as an expense in profit and loss when they are due. The Co-operative's legal or constructive obligation is limited to these contributions.

(h) Members' share capital (note 16)

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.

(i) Right-of-use assets (note 11)

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Co-operative expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Co-operative has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(j) Lease liabilities (note 14)

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Co-operative's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to

the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(k) Revenue recognition (note 2)

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 Co-operative and specific criteria have been met for each of the Co-operative'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 when the goods have been delivered to and accepted by the customer or its agent and collectability of the related receivable is probable.

ii) Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Co-operative is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Co-operative: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

iii) Aggregation fee revenue

Fee income is recognised in accordance with agreed terms as revenue on a straight line basis over the year.

iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

v) Interest income

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

(l) Finance costs (notes 3 and 5)**i) Dividend rate**

A provision is made for interest payable on members' share capital, which is calculated at the rate of dividend payable on ordinary shares, when the dividend has been appropriately authorised on or before the end of the financial year but not paid and is no longer at the discretion of the Co-operative.

ii) Other finance costs

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

(m) Income tax (notes 4 and 10)

The income tax expense or revenue for the year is the tax payable on the current year's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Co-operative has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(n) Reporting period

The financial report has been prepared for the financial year ended 30 June 2025

(o) 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 other receivables or trade creditors and accruals 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.

(p) Rounding of amounts

The Co-operative is of a kind referred to in the class order 'Rounding in Financial Reports and Directors' Reports', issued by the Registrar of Co-operatives relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(q) Comparative figures

Comparatives are consistent with prior period, unless stated otherwise.

(r) New accounting standards**New and revised standards are effective for annual periods beginning on or after 1 July 2024**

The Co-operative 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.

AASB 18 Presentation and Disclosure in Financial Statements – This standard is applicable to annual report period on or after 1 January 2027. AASB 18 will replace AASB 101 Presentation of Financial Statements. AASB 18 will:

a) Better align the presentation of the statement of profit or loss to the categories in the statement of cash flows by introducing two new defined subtotals – operating profit and profit before financing and income taxes (EBIT).

b) required disclosure of management-defined performance measures – subtotals of income and expenses not specified by IFRS Accounting Standards

that are used in public communications to communicate management's view of an aspect of a company's financial performance (such as funds from operations, cash profit, etc); and

c) enhance the requirements for aggregation and disaggregation to help a company to provide useful information.

*Applies to not-for-profit private sectors entities, not-for-profit public sector entities, and superannuation entities for annual periods beginning on or after 1 January 2028.

(s) Financial instruments**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Co-operative becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement**(i) Financial assets measured at amortised cost**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. At each reporting date, the co-operative assesses whether there is objective evidence that a financial instrument has been impaired. Such impairment losses are recognised in the income statement.

(ii) Financial assets at fair value

All investments that form part of the co-operative's investment portfolio and have been classified as financial assets at fair value through other comprehensive income. Financial assets at fair value through other comprehensive income include investments in the co-operative's investment portfolio. Financial assets at fair value through other comprehensive income are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity (into the financial assets reserve). Realised gains or losses on the sale of investments are also shown in the financial assets reserve, then transferred to retained earnings at the end of the reporting period.

(iii) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. Fair value is determined based on current bid prices for all quoted investments.

Impairment

At each reporting date, co-operative assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Co-operative no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(t) Significant judgments in applying accounting policies**Recovery of deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences as management considers that it is possible that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Valuation of investments

The Co-operative Board has decided to classify investments in listed securities as 'financial assets at fair value through comprehensive income' investments and movements in fair value are recognised directly in equity.

(u) Contract liabilities

Contract liabilities represent the Co-operative's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Co-operative recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Co-operative has transferred the goods or services to the customer.

	2025 \$'000	2024 \$'000
Note 2: Revenue and other income		
Revenue from continuing operations		
<i>Sales revenue</i>		
Sales revenue – sale of goods to DFL (a)	104,813	107,811
	<u>104,813</u>	<u>107,811</u>
<i>Other administration and investment revenue</i>		
Aggregation fee revenue (b)	600	600
Dividend revenue – Equities	621	657
Interest revenue	212	184
Service fee revenue	27	9
	<u>1,460</u>	<u>1,450</u>
Total revenue from continuing operations	<u>106,273</u>	<u>109,261</u>
<i>Revenue from contracts with customers</i>		
Sales revenue	104,813	107,811
Aggregation fee revenue	600	600
Services fee revenue	27	9
	<u>105,440</u>	<u>108,420</u>
<i>Other revenue</i>		
Dividend revenue	621	657
Interest revenue	212	184
	<u>833</u>	<u>841</u>
Total revenue and other income	<u>106,273</u>	<u>109,261</u>

(a) Sale of goods to DFL

The ACCC has granted re-authorisation of the Milk Supply Agreement for 10 years, until 31 July 2033.

DFMC and DFL had entered into a ten year rolling Milk Supply Agreement, which expired in June 2019, so that DFMC could secure a long term dependable outlet for milk at a commercial price. Prior to the implementation of the Australian Co-operative Foods (ACF) Scheme, DFMC and ACF (now DFL) jointly sought authorisation from the ACCC regarding aspects of the Milk Supply Agreement to ensure compliance with the Trade Practices Act. The ACCC authorised aspects of the Milk Supply Agreement for which approval was sought for a period of 5 years from the date the transaction was completed. In June 2013, the ACCC re-authorised the Milk Supply agreement for a period of 10 years and in April 2023, the ACCC has granted re-authorisation of the Milk Supply Agreement for 10 years, until 31 July 2033.

(b) Aggregation fee revenue

Under the Milk Supply Agreement between DFMC and DFL, the Aggregation Fee for the year ended 30 June 2025 was agreed at \$600,000 (2024: \$600,000). The Aggregation Fee partially covers the costs or expenses connected with the consolidation or aggregation of the milk supply for sale to DFL.

Note 3: Expenses**Profit before income tax includes the following specific expenses**

	2025 \$'000	2024 \$'000
Fees and charges		
Portfolio advisory fees and bank charges	52	50
Interest expense – lease liability	5	4
	<u>57</u>	<u>54</u>
Administration expenses		
Employee and director benefits expense	720	686
Defined contribution superannuation expense	82	75
Travel expenses	88	54
Consultancy fees	105	5
Legal fees	122	65
Other expenses	342	346
	<u>1,459</u>	<u>1,231</u>

Note 4: Income tax**(a) Income tax expense reconciliation**

	2025 \$'000	2024 \$'000
Loss before income tax	(302)	(127)
Income tax benefit calculated at 30%	(91)	(38)
Tax effect of amounts not deductible or (taxable)		
Other non-deductible expenditure	-	-
Other assessable income	184	-
Franked amount of member's share capital payment	35	48
Franked dividend revenue	33	63
	<u>161</u>	<u>73</u>
Opening balance adjustment	1	-
Carried forward tax losses where no deferred tax effect has been recognised	(157)	(53)
Income tax expense/(benefit)	<u>5</u>	<u>(6)</u>

Average effective tax rate	1%	5%
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(b) Income tax expense analysis

Deferred tax		
Changes in deferred tax assets (Note 10)	5	(6)
Income tax expense/(benefit)	<u>5</u>	<u>(6)</u>

(c) Unrecognised tax losses

Unused tax losses for which no deferred tax asset has been recognised	12,404	13,110
Unused capital tax losses for which no deferred tax asset has been recognised	-	-
Potential tax benefit at 30%	<u>3,721</u>	<u>3,933</u>

	2025 \$'000	2024 \$'000
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Note 5: Dividends on Members' Share Capital

In accordance with AIFRS, members' share capital ('ordinary shares') is treated as a liability and dividends payable to members on their ordinary shares are included as costs within the statement of profit and loss.

The amount of these 'dividends' on ordinary shares are as follows:

Dividends**a) Special dividends – recognised and paid during the financial year**

	20/12/2024	22/12/2023
Payment date	\$0.04	\$0.04
Dividend per share	100%	100%
Per cent franked	64	89
Paid in cash	51	69
Re-invested in DFMC shares		
Total ordinary dividends paid during the financial year	115	158

b) At the board meeting held on July 2024, the board approved payment of a rebate to eligible members at the rate of \$1.00 for each 1,000 litres of milk supplied in the 2023/24 financial year

	20/12/2024	22/12/2023
Payment date	\$1.00	\$1.00
Rate per 1,000 litres supplied in FY2024	78	78
Paid in cash	54	55
Re-invested in DFMC shares		
Total rebate paid during the financial year	132	133

Franking credits

c) Franking credits available for subsequent financial years	1,713	1,563
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The above franking account balance has been adjusted for:

- Franking credits/(debits) that will arise from the payment/(refund) of income tax payable/(receivable) as at the end of the Financial Year.
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Interest payable at dividend rate

- d)** Under Co-operatives National Law (NSW) if membership is cancelled, share capital must be repaid to the former member within one year of the cancellation. Current DFMC policy is to repay share capital as soon as possible following cancellation. Under certain specified circumstances, the amount may be retained and applied as a deposit, debenture or CCU with interest payable at the dividend rate. No amounts were retained, under these provisions, in the financial year ended 30 June 2025 and therefore no interest was paid.

	2025 \$'000	2024 \$'000
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Note 6: Cash and cash equivalents

Cash and cash equivalents	302	666
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Cash and cash equivalents represent cash on deposit at call with a financial institution which derived interest at 4.4% (2024: 5.1%).

	2025 \$'000	2024 \$'000
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Note 7: Receivables
Current

Farm loans and other receivables	1,624	1,240
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Non current

Farm loans	12	147
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			<i>Past Due but Not Impaired (Days Overdue)</i>					<i>Within Initial Trade Terms</i>
	<i>Gross Amount</i>	<i>Past Due and Impaired</i>	<i>< 30</i>	<i>31-60</i>	<i>61-90</i>	<i>> 90</i>		
	\$	\$	\$	\$	\$	\$	\$	\$
2025								
<i>Farm loans and other receivables</i>	1,636	-	-	-	-	-	-	1,636
2024								
<i>Farm loans and other receivables</i>	1,387	-	-	-	-	-	-	1,387

	2025 \$'000	2024 \$'000
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Note 8: Other current assets

Prepayments	77	137
	77	137

Note 9: Financial assets**Current**

Financial assets at amortised cost (term deposits)	3,280	3,200
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Financial assets at fair value through other comprehensive income – shares in listed corporations

16,371	15,251
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(a) Investment in equities

DFMC approved the Audit & Finance committee to appoint Macquarie Private Wealth in February 2010 to invest \$8.5 million in the Australian equities market. There are no fixed returns or fixed maturity dates attached to these investments. In March 2019 DFMC transitioned investment advisory services to Franklin Advisory.

	2025 \$'000	2024 \$'000
Note 10: Deferred tax assets and liabilities		
Deferred tax assets		
Accruals	(9)	6
Employee provisions	47	38
Leases	3	2
Carried forward tax losses	1,777	1,537
Total deferred tax assets	1,818	1,583
(a) Movements in deferred tax assets		
Balance at the beginning of the year	1,583	1,188
Opening balance adjustment	14	1
Credited to the income statement	(5)	6
Charge to equity	226	388
Balance at the end of the year	1,818	1,583
(b) Timing of recovery		
To be recovered		
Within 12 months	1,799	1,570
After 12 months	19	13
	1,818	1,583
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Mark-to-market investments	1,777	1,537
Total deferred tax liabilities	1,777	1,537
(c) Movements in deferred tax liabilities		
Balance at the beginning of the year	1,537	1,148
Opening balance adjustment	14	1
Charged to equity	226	388
Balance at the end of the year	1,777	1,537
(d) Timing of settlement		
To be settled		
Within 12 months	1,777	1,537
	1,777	1,537
Total net deferred tax balances	41	46

Note 11: Right-of-use assets

	2025 \$'000	2024 \$'000
Right-of-use assets – motor vehicles	104	104
Less: accumulated depreciation	(52)	(26)
	52	78
Right-of-use assets – office space	38	-
Less: accumulated depreciation	(10)	-
	28	-

The right-of-use assets are in relation to an office space and motor vehicles leased by the Co-operative. In October 2024, the Co-operative leased an office space for a period of three years, with an option to extend for another three years. On renewal, the terms of the lease are renegotiated.

Balance at beginning of year	78	50
Additions during the year	38	51
Less: depreciation during the year	(36)	(23)
Balance at end of year	80	78

Note 12: Payables

Trade creditors and accruals	150	137
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Note 13: Contract liability

Deferred income	150	150
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Note 14: Lease liabilities

Current		
Lease liabilities	39	25
Non-current		
Lease liabilities	51	61

The lease liabilities are in relation to an office space and motor vehicles leased by the Co-operative. Future minimum lease payments are disclosed in Note 26.

Note 15: Provisions

Current		
Employee benefits	96	83
Non-current		
Employee benefits	63	42

Balance at the beginning of the year	125	105
Charged to the statement of comprehensive income	66	61
Amounts used	(32)	(41)
Balance at the end of the year	159	125

Note 16: Members' Share Capital

	Number of Shares		Nominal Value	
	2025 #	2024 #	2025 \$'000	2024 \$'000
Opening balance – shares of \$1 each (fully paid)	2,982,131	2,732,314	2,982	2,732
Shares issued (reinvestment)	136,068	155,884	136	156
Bonus shares issued*	-	261,589	-	262
Share levies (a)	5,576	11,442	6	11
Shares forfeited (b)	(154,992)	(179,098)	(155)	(179)
Closing balance – shares of \$1 each (fully paid)	2,968,783	2,982,131	2,969	2,982

* No bonus shares were issued in FY 25 (FY24: 23 July 2024, 1 bonus share was issued for every 10 shares).

Ordinary shares

Note that in accordance with AIFRS, members' share capital ('ordinary shares') is treated as a liability. Classification in this manner occurs because the Co-operative must forfeit and ultimately repay share capital that is forfeited under the inactive membership rules contained in the Co-operatives National Law (NSW) and the Rules of the Co-operative.

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.

(a) Milk payment deductions

Under the terms of its Share Acquisition Program (approved by the majority of the members at the 2011 AGM), the Co-operative makes deductions from payments to members for milk supplies. Periodically, these monies are applied by the Co-operative to issue shares to members.

(b) Shares forfeited

Under the Co-operatives National Law (NSW) and the Rules of the Co-operative, the membership of an inactive member is cancelled and the members' shares are forfeited contemporaneously after one year of continuous inactivity (i.e. non supply of raw milk).

(c) Capital management

The Co-operative'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 Co-operative may reduce its share capital, adjust the amount of dividends paid to shareholders including through the dividend re-investment plan or may guarantee capital through deductions from payments to members of milk supplies under the terms of its share acquisition program.

The board of directors and the audit, finance and governance committee monitor the capital needs of the Co-operative.

Note 17: Retained profits

	2025 \$'000	2024 \$'000
Balance at the beginning of the year	12,118	12,503
Loss attributable to members	(307)	(120)
Issue of bonus shares	-	(265)
Transfer to retained profits	534	-
Balance at the end of the year	12,345	12,118

Note 18: Commitments for expenditure

The Co-operative had nil commitments as at 30 June 2025 (2024: nil).

Note 19: Contingent liabilities and Contingent assets

The Co-operative had no contingent liabilities or assets as at 30 June 2025 (2024: nil).

Note 20: Financial assets reserve

	2025 \$'000	2024 \$'000
The financial assets reserve records revaluation increments and decrements that relate to financial assets that are classified as financial assets at fair value through other comprehensive income.	5,924	5,169

Note 21: Auditors' remuneration

	2025 \$	2024 \$
Amount received, or due and receivable by Nexia Sydney Audit Pty Ltd for audit of the financial report	22,500	21,800
Amount received, or due and receivable for other services	23,750	23,250

Note 22: Key management personnel disclosures**(a) Directors**

The directors of the Co-operative the date of the Directors' Report were:
Trevor Middlebrook (Chairman), James Geraghty, Andrew Wilson, Michael Scales and Ross McInnes.

(b) Executive Officer

DFMC appointed Mark Kebbell as Executive Officer in November 2016. The compensation of the Executive Officer is included within the key management personnel compensation disclosed in note 22(d).

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

Base directors' fees were established at the first annual general meeting on 17 November 2004 based on advice from external advisors, which included reference to fee levels for comparable companies. Members voted to change the base fee levels per director at the 2009 annual general meeting. At the 2009 annual general meeting the members approved a total payment of \$20,000 per annum to the chairperson/s of board sub-committees, an increase to a total of \$40,000 base fee per annum for all directors and a reduction to base fee to \$85,000 per annum for the Chairman of the Board.

Note 22: Key management personnel disclosures (continued)

The total fees paid are within the limit approved by members.

The board commits to fair and responsible remuneration policies by ensuring that the level and composition of remuneration packages recognises market levels and is sufficient to attract and retain motivated directors. The focus of the board is on the long-term strategic direction and overall performance of the Co-operative. As a consequence, director remuneration is not directly related to short-term results. The board engaged independent consultancy company Mercer to assist in establishing the Executive Officer remuneration, taking into account reasonable market remuneration for the role and responsibilities.

(d) Key management personnel compensation	2025	2024
	\$	\$
Short-term employment benefits	720,038	685,947
Post-employment benefits (superannuation)	82,360	74,601
Total key management personnel compensation	802,398	760,548

The compensation noted above comprises the following per annum fixed directors' fees (inclusive of superannuation). The compensation noted above also includes the Executive Officer, Farm Advisory Services and Finance Manager which are now employed directly by the Co-operative.

	Number of Directors	Per Annum Fee
		\$
Director fees for the current financial year are:		
Chairman	1	40,000
Other directors	4	20,000

(e) Other transactions with key management personnel*a. Farmer directors*

The Co-operative has undertaken the following transactions with farmer directors and their related entities. All transactions have been conducted within normal commercial terms and conditions as is applicable to all of the Co-operative's farmers and shareholders:

- The acquisition of milk from the farmer directors by the Co-operative
- The issue of ordinary shares to farmer directors and their related entities in relation to the Share Acquisition Program and dividend re-investment plan.
- The holding of ordinary shares by farmer directors and their related entities, and if applicable, the forfeiture of such shares in accordance with the inactive membership provisions

Note 23: Related party transactions and economic dependency

DFMC is economically dependent on DFL for a significant amount of its revenue and financial support and accordingly disclosure has been made of the significant transactions between DFMC and DFL in the relevant sections of the financial report as follows:

- Sale of milk to DFL (note 2 (a))
- Aggregation fee revenue derived from DFL (note 2(b))

Note 24: Financial facilities

The Co-operative currently operates without the need for bank finance facilities. A fixed amount of annual funding is made available to DFMC to cover its administrative costs through the aggregation fee revenue from DFL as indicated in note 2(b).

	2025	2024
	\$'000	\$'000
Note 25: Cash flow reconciliation		
Loss attributable to members	(307)	(120)
<i>Non-cash items in operating profit</i>		
Depreciation and amortisation	38	28
Dividend and farm rebate reinvestment	105	124
<i>Movement in assets and liabilities</i>		
Decrease in prepayments	60	52
Increase in receivables	(331)	(214)
Decrease/(increase) in deferred tax asset	5	(6)
Increase/ (decrease) in payables and accruals	12	(5)
Increase in provisions	34	20
Net cash outflow from operating activities	(384)	(121)

Note 26: Financial risk management**Financial Risk Management Policies**

The directors' overall risk management strategy seeks to assist the Co-operative in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Co-operative's Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The Co-operative does not have any derivative instruments.

Specific Financial Risk Exposures and Management

The main risks the Co-operative is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Co-operative. The Co-operative is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investment in bonds etc. The Co-operative's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Note 26: Financial risk management (continued)

	Notes	2025 \$'000	2024 \$'000
Classes of Financial assets			
Carrying amounts:			
Cash and cash equivalents	6	302	666
Loans and receivables (current and non-current)	7	1,636	1,387
Financial assets at amortised cost (term deposits)	9	3,280	3,200
Financial assets at fair value through OCI	9	16,371	15,251

The Co-operative continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Co-operative's policy is to deal only with creditworthy counterparties.

The Co-operative's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the unimpaired trade receivables are past due as at the reporting date.

In respect of trade and other receivables, the Co-operative is exposed to significant credit risk due to exposure to a limited group of counterparties. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk

Liquidity risk arises from the possibility that the Co-operative might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Co-operative manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Note 26: Financial risk management (continued)

At 30 June 2025 the Co-operative's financial assets and liabilities are as follows:

	Note	2025 \$'000	2024 \$'000
Financial assets			
Cash and cash equivalents	6	302	666
Loans and receivables	7	1,636	1,387
Financial assets at amortised cost (term deposits)	9	3,280	3,200
Financial Assets at fair value through OCI:			
- listed investments	9	16,371	15,251
Total financial assets		21,589	20,504
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	12	152	137
- lease liability	14	90	86
- members' share capital	16	2,969	2,982
Total financial liabilities		3,211	3,205

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Note 26: Financial risk management (continued)*Financial liability and financial asset maturity analysis*

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities due for payment								
Trade and other payables	152	137	-	-	-	-	152	137
Lease liabilities	39	25	51	61	-	-	90	86
Members' share capital	-	-	-	-	2,969	2,982	2,969	2,982
Total contractual outflows	191	162	51	61	2,969	2,982	3,211	3,205
Total expected outflows	191	162	51	61	2,969	2,982	3,211	3,205
Financial assets — cash flows realisable								
Cash and cash equivalents	302	666	-	-	-	-	302	666
Financial assets at amortised cost	3,280	3,200	-	-	-	-	3,280	3,200
Trade, term and loan receivables	1,624	1,240	12	147	-	-	1,636	1,387
Financial assets at fair value through OCI	-	-	-	-	16,371	15,251	16,371	15,251
Total anticipated inflows	5,206	5,106	12	147	16,371	15,251	21,589	20,504
Net inflow on financial instruments	5,015	4,944	(39)	86	13,402	12,269	18,378	17,299

Note 26: Financial risk management (continued)

The Co-operative's investments are held in the following sectors at the end of the reporting period:

	2025	2024
	\$'000	\$'000
Banks	4,154	3,967
Capital Goods	-	-
Commercial services & supplies	461	348
Diversified financials	556	477
Energy	545	609
Food & staples retailing	399	396
Food & drug retailing	134	105
Health care equipment & services	144	187
Insurance	-	-
Managed investments	277	296
Materials	1,317	1,475
Media and entertainment	1,107	1,209
Pharmaceuticals & Biotechnology	583	719
Real estate	166	132
Retailing	493	379
Telecommunication services	258	268
Transportation	576	672
Other	5,201	4,012
	16,371	15,251

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

Such risk is managed through diversification of investments across industries and geographic locations.

Sensitivity analysis

The following table illustrates sensitivities to the Co-operative's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$'000	\$'000
Year ended 30 June 2025		
+/- 2% in interest rates	+/- 76	+/- 76
+/-10% in listed investments	N/A	+/- 1,578
Year ended 30 June 2024		
+/- 2% in interest rates	+/- 20	+/- 20
+/-10% in listed investments	N/A	+/- 1,485

Note 26: Financial risk management (continued)

As investments are classified as financial assets at fair value through other comprehensive income, movement in fair value is recorded in reserves. Therefore, there is no impact on profit/loss projected.

Net fair values**Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments which are carried at amortised cost (i.e. trade receivables & loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the company.

		2025		2024	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	(i)	302	302	666	666
Financial assets at amortised cost	(i)	3,280	3,280	3,200	3,200
Trade and other receivables	(i)	1,636	1,636	1,387	1,387
		5,218	5,218	5,253	5,253
Financial asset at fair value through other comprehensive income:					
– Listed Investments		16,371	16,371	15,814	15,814
Total financial asset at fair value through other comprehensive income	(iii)	16,371	16,371	15,251	15,251
Total financial assets		21,589	21,589	20,504	20,504
Financial liabilities					
Trade and other payables	(i)	152	152	137	137
Lease liabilities	(iv)	90	90	86	86
Members' share capital	(iv)	2,969	2,969	2,982	2,982
Total financial liabilities		3,211	3,211	3,205	3,205

Note 26: Financial risk management (continued)

The fair values disclosed in the above table have been determined based on the following methodologies:

- Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave which is not considered a financial instrument.
- Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at the end of the reporting period for similar types of loans and advances. Differences between fair values and carrying values largely represent movements in the effective interest rate determined on initial recognition and current market rates.
- For listed financial assets through other comprehensive income, closing quoted bid prices at the end of the reporting period are used. In determining the fair values of the unlisted financial assets through other comprehensive income, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).
- Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets			
Financial asset at fair value through other comprehensive income:			
▪ listed investments	16,371	-	-
	16,371	-	-
2024			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets			
Financial asset at fair value through other comprehensive income:			
▪ listed investments	15,251	-	-
	15,251	-	-

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets has been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs. All other financial assets and liabilities are valued within Level 3.



Note 27: Events after the reporting period

No other matters or circumstances of significance have arisen as per the directors’ report since the end of the financial year which significantly affected or may significantly affect the operations of the Co-operative, the result of those operations, or the state of affairs of the Co-operative in future financial years.

Subsection 295(3A)(a) of the Corporations Act 2001 does not apply to the Co-operative as the Co-operative is not required to prepare consolidated financial statements by the Australian Accounting Standards.

Note 28: Co-operative details

The registered office and principal place of business is:
Level 10, 2 Park Street
SYDNEY NSW 2000

DIRECTORS' DECLARATION

The directors of the Co-operative declare that:

- a) The financial statements and notes set out on pages 9 to 34 are in accordance with the Co-operatives (Adoption of National Law) Act 2012 and the Corporations Act 2001, including:
- i) complying with Accounting Standards, the Co-operatives (Adoption of National Law) Act 2012 and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the Co-operative's financial position as at 30 June 2025 and of its performance for the year ended on that date
 - iii) the information disclosed in the attached consolidated entity disclosure statement is true and correct.
- b) There are reasonable grounds to believe that the Co-operative 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.


Trevor Middlebrook
Chairman
13 October 2025


Michael Scales
Independent Director
13 October 2025



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Independent Auditor's Report to the Members of Dairy Farmers Milk Co-operative Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dairy Farmers Milk Co-operative Limited (the Co-operative), which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Co-operative is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Co-operative's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- ii) 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 Co-operative in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional & 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Co-operative, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information comprises the information in Dairy Farmers Milk Co-operative Limited's annual report for the year ended 30 June 2025, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. 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 the other information we are required to report that fact. We have nothing to report in this regard.

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Liability limited under a scheme approved under Professional Standards Legislation.

Directors' responsibility for the financial report

The directors of the Co-operative are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Co-operative'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 Co-operative or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 Australian Auditing and Assurance Standards Board website at: https://auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Nexia

Nexia Sydney Audit Pty Ltd

Vishal Modi

Vishal Modi
Director
Dated: 13 October 2025
Sydney

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