

PRESS RELEASE JUNE 2011

Ausred Genetics/ Auscross Genetics form Auzred Xb

An exciting announcement has resulted from the changes between Ausred Genetics and Viking Genetics. I feel it important that the facts are stated correctly at this time, as there has been much conjecture out in the industry about what is happening or not happening.

Firstly, Ausred Genetics no longer has the contract to supply Viking Red semen.

Viking Genetics decided over twelve months ago to set up its first daughter company in Australia. The result being that, without any **warning or consultation** at any level with Ausred management, Viking Genetics terminated Ausred Genetics contract in May 2010, the termination taking effect on May 17th this year. It is interesting to note that since 2008 when Karen (Ausred) began to import and solely market and distribute the Viking Red product, sales each year have been on an upwards curve, resulting in an achievement this year of sales exceeding 20000 units of VG Red semen, the most ever achieved at any time since the first importation of semen into Australia. 85% of Ausred Genetics business was made up of the Scandinavian product, with the decision by Viking to withdraw its product Ausred Genetics was no longer viable as a stand alone company

In February this year, Viking Genetics did finally make Karen an offer to work for them; unfortunately this offer fell far short of being reasonable or viable for Karen considering the knowledge and experience she had built up over a period of 25 years in the industry.

It is very disappointing that after 25 years of helping to establish, grow and then nurture the acceptance of the Red Breeds in Australia, and Ausred Genetics providing a readymade market for the Viking product, Karen (Ausred Genetics) has received no consideration for the good will that her work will bring to the new VGAustralia business.

Viking Genetics has also refused access to the Viking Red product for Karen to sell to her clients.

Unfortunately this also means that the Red Cow magazine will no longer be able to be produced, as the cost of its production was met in part by income generated through Ausred Genetics.

Viking Genetics decision to refuse Karen access to the VG Red product is a very big negative for the ARDB breed as well, as the costs of both ARDB field work and producing the Red Cow Magazine are high.

As a consequence, Karen and I saw an opportunity to form a new business partnership with Ausred Genetics and Auscross Genetics teaming up to become **Auzred Xb**

Genetics Australia, the largest farmer owned Ab co-operative in Australia and **Auzred Xb** have formed an agreement which gives **Auzred Xb** full access to all **Genetics Australia** products including Progeny Test.

This agreement gives Genetics Australia and the Aussie Red Breed the ability to now sell Aussie Red product into all the herds that previously purchased Viking Red product via Ausred Genetics.

This agreement between Genetics Australia and Auzred Xb will be a tremendous boost for the growth and development of the Aussie Red Breed, with both Karen and myself committing ourselves 100% to helping build the breed's genetics progress and both domestic and international profile.

Auzred Xb is also the Australian distributor for the **Coopex Montbeliarde** product, and will be promoting the Coopex Montbeliarde, Aussie Red and Genetics Australia Holstein via the trademarked **Quantum Leap** 3-way rotational crossbreeding program to the commercial dairy farming sector.

Karen and I are very much looking forward to this new and exciting opportunity via **Auzred Xb** and look forward to your support to help grow the **Aussie Red Breed**.

Regards
Steve
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