



24 August 2018

Market Announcements Office
Australian Securities Exchange

ELECTRONIC LODGEMENT

Dear Sir or Madam

MG Unit Trust – Financial statements and reports for period ended 30 June 2018

In accordance with the Listing Rules, attached is a copy of the Appendix 4E, together with MG Unit Trust's financial statements and reports for the period ended 30 June 2018, for immediate release to the market.

Further, given that unitholders have an economic exposure to Murray Goulburn Co-operative Co. Limited (Murray Goulburn), the financial statements and reports of Murray Goulburn for the full year ended 30 June 2018 will be released to the market.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Richa Puri', is written over a faint, light blue circular watermark.

Richa Puri
Company Secretary

APPENDIX 4E Rule 4.3A

Preliminary final report

MG Unit Trust

ARSN 606 103 637

1. Details of the reporting period

Reporting Period: The reporting period is from 1 July 2017 to 30 June 2018. The comparative reporting period is from 1 July 2016 to 30 June 2017.

2. Results for announcement to the market

		30 June 2018	30 June 2017		Movement
		\$m	\$m	Up/Down \$m	%
2.1	Finance income – net change in fair value of liability to unitholders	86	89	(3)	(3%)
2.2	Profit (loss) from ordinary activities after tax attributable to unitholders	-	-	N/A	N/A
2.3	Net profit (loss) for the period attributable to unitholders	-	-	N/A	N/A

Distributions	Amount per security ¢	Franked amount per security ¢
Current Period		
2.4 Return of Capital	80	N/A
2.4 Final Distribution	N/A	N/A
2.4 Interim Distribution	N/A	N/A

2.5 There is no proposal to pay a final dividend.

2.6 Brief explanation of figures in 2.1 to 2.4 - :

- i) Revenue is down 3% and represents net change in fair value of liability to unitholders (\$86m), the comparative period reported a net change in fair value of \$89m.
- ii) The Scheme reported nil profit after income tax for the period ended 30 June 2018 (comparative period, \$nil).

3. **Statement of comprehensive income** – refer attached
4. **Statement of financial position** – refer attached
5. **Statement of cash flows** – refer attached
6. **Statement of changes in equity** – refer attached
7. **Details of individual distributions and payment dates**

Details	Date paid/payable	Distribution ¢ per unit	A\$'000
Return of Capital	15 May 2018	80	168,215
Final Distribution	N/A	N/A	N/A
Interim Distribution	N/A	N/A	N/A

The amount per unit of foreign sourced distributions or dividends is nil.

8. Details of Distribution Reinvestment Plan

The Distribution Reinvestment Plan was terminated on 1 May 2018.

9. Net tangible assets

Net tangible asset backing per unit at 30 June 2018 is A\$0.24 (2017, A\$0.645).

10. Control gained over entities having a material effect – None

11. Details of associates and joint venture entities – None

12. Significant information – refer to attached Directors' Report - key risks. The report should be read in conjunction with Murray Goulburn Co-operative Co. Limited's financial statements and reports for the year ended 30 June 2018 which are available on that entity's web site.

13. For foreign entities, which set of accounting standards is used in compiling the report – not applicable

14. Commentary on results for the period – refer to attached Directors' Report – review of operations.

15. This report is based on accounts which have been audited – refer to attached Auditor's Report.

John Spark
Chairman of Parent



Date: 24 August 2018

MG Unit Trust
(ARSN 606 103 637)

Financial Statements and Reports for the year ended
30 June 2018

Directors' Report

The Directors of MG Responsible Entity Limited, the responsible entity of MG Unit Trust (the Unit Trust), present the following report for the year ended 30 June 2018.

Responsible Entity

The registered office and principal place of business of MG Responsible Entity Limited and the Unit Trust is Level 15, Freshwater Place, 2 Southbank Boulevard, Southbank, VIC 3006.

Directors

The Directors of the Responsible Entity at any time during or since the financial year up to the date of this report are:

J Spark (Chairman of Parent)

LM Dwyer

I Goodin (appointed 27 October 2017)

DC Grant (appointed 27 October 2017)

BA Williams (appointed 27 October 2017)

N Akers (resigned 27 October 2017), MF Ihlein (resigned 27 October 2017), KW Jones (resigned 27 October 2017), GN Munzel (resigned 27 October 2017), A Mervis (resigned 1 May 2018), WT Bodman (resigned 1 May 2018), M Clark (resigned 1 May 2018), CJ Dwyer (resigned 1 May 2018), KD Jackson (resigned 1 May 2018) and GH Kilpatrick (resigned 1 May 2018) ceased to be directors during or since the end of the financial year.

Company Secretaries

The Company Secretaries below have acted as Company Secretaries of MG Responsible Entity Limited during or since the end of the financial year:

Richa Puri (appointed 1 May 2018)

Amy Alston (resigned 1 May 2018)

Principal Activities

The principal activity of the Unit Trust during the year has been to act as a special purpose, passive funding vehicle holding only an interest in subordinated Notes and Convertible Preference Shares (CPS) issued by Murray Goulburn Co-operative Co. Limited (Murray Goulburn). The Notes and CPS are held by the trustee of the Murray Goulburn Sub Trust on trust for MG Responsible Entity Limited as responsible entity of the Unit Trust. Murray Goulburn is the ultimate parent of each of MG Responsible Entity Limited and the trustee of the Murray Goulburn Sub Trust.

The Unit Trust did not have any employees during the year.

No significant change in the nature of these activities occurred during the year, except for the Saputo transaction as described in Future Developments.

Review of Operations

The Unit Trust reported nil profit after income tax for the year ended 30 June 2018 (2017, \$Nil). The distribution to unitholders on 15 May 2018, represented a return of capital from Murray Goulburn of 0.80 cents per unit following completion of the agreement for the sale of the Saputo transaction. The value of Unit Trust assets at 30 June 2018 of \$52,057,745 (2017, \$132,315,558) were valued at fair value through profit or loss. Given that the Unit Trust provides unitholders with an economic exposure to Murray Goulburn, this financial report should be read in conjunction with the financial report of Murray Goulburn (the parent entity) for the year ended 30 June 2018. That financial report is available on the parent entity's web site and has been released to the ASX in conjunction with this report.

Distributions paid or payable

Distributions paid or declared by the Unit Trust to unitholders during the financial year ended 30 June 2018 are set out in the notes to the Financial Statements.

Directors' Report (continued)

Future Developments

On 1 May 2018, the sale of Murray Goulburn's operating assets and liabilities to Saputo Dairy Australia Pty Ltd was completed (the Saputo transaction). As previously announced by the Board of Murray Goulburn, the proceeds from that transaction have been and will be used to repay Murray Goulburn's debt obligations, return capital to shareholders and unitholders, and to fund any potential obligation arising from the Retained Litigation against Murray Goulburn (as defined in Note 2(I)). It is anticipated Murray Goulburn will be wound up and liquidated after the conclusion of the Retained Litigation. The Unit Trust will continue to act as a special purpose, passive funding vehicle within Murray Goulburn and its controlled entities until that time after which the Unit Trust and the responsible entity will be wound up.

The results of the Unit Trust's operations will be affected by a number of factors, including the performance of the Australian Securities Exchange and specifically the performance of Murray Goulburn. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The going concern status of the Unit Trust is addressed in Note 2(B) of the financial report and the auditor has noted an Emphasis of Matter in respect to going concern basis of preparation in their Independent Audit Report.

Significant Changes in the State of Affairs

During the year, the Saputo transaction completed as described in Future Developments.

As announced on 19 December 2017, the terms of the Notes and Convertible Preference Shares (CPS) held for the Unit Trust were amended to ensure that all Unit Trust unitholders and Murray Goulburn shareholders are treated equivalently as to the amount and timing of the distribution of the proceeds of the Saputo transaction.

There were no other significant changes in the state of affairs of the Unit Trust during the year.

Key Risks

Given its structure and the arrangements in place with Murray Goulburn, the Unit Trust had an exposure to specific and general risks facing Murray Goulburn's business. In particular, for the period up to 1 May 2018, the Unit Trust was considered to have a material economic exposure to the Murray Goulburn milk price and the level of distributions delivered to Murray Goulburn shareholders, based on the structure of the Unit Trust and its arrangements with Murray Goulburn. Returns on units related to the financial performance of Murray Goulburn and, in particular decisions made by the board of Murray Goulburn in relation to dividends paid by Murray Goulburn to its shareholders. Distribution decisions were made by Murray Goulburn and not MG Responsible Entity Limited and were positively correlated to movements in the actual weighted average southern milk region farmgate milk price.

The Unit Trust continues to have various structural risks as a result of its relationship with Murray Goulburn, including:

- Neither MG Responsible Entity Limited nor unitholders have any voting rights at a general meeting of Murray Goulburn's shareholders and therefore will not have the ability to control or vote on strategic and operational decisions of Murray Goulburn's business.
- Given the economic relationship between the Unit Trust and Murray Goulburn through the Notes and CPS and that control of Murray Goulburn is with the board of Murray Goulburn, it is considered that most of the information that will have a material effect on the price of units will relate to the activities of Murray Goulburn. As Murray Goulburn is best placed to know that information, the companies have entered into the Relationship Deed and Continuous Disclosure Deed Poll to ensure that MG Responsible Entity Limited is in a position to meet its continuous disclosure obligations. While Murray Goulburn has agreed to provide information to MG Responsible Entity Limited for the purposes of continuous disclosure, there is a risk that such information is not provided or is not provided in a timely manner and the market for units is therefore not trading on a properly informed basis.
- If MG Responsible Entity Limited is removed as the responsible entity of the Unit Trust by unitholders and not replaced by an entity that is a wholly-owned subsidiary of Murray Goulburn, Murray Goulburn may within 12 months of the removal, at its discretion, transfer, buy back or cancel any CPS held for the responsible entity at a 20 percent discount to the market value of units or in exchange for Notes and may redeem or transfer any Notes held for the responsible entity at a 20 percent discount to the market value of units or in exchange for CPS. This will result in a substantial reduction in value of units and may also have an impact on the liquidity of units, and therefore the ability of unitholders to realise their investment by selling their units on the ASX, or the price at which this could occur. If all of the Notes and CPS are redeemed, cancelled or transferred, that would leave the Unit Trust with no continuing economic exposure to Murray Goulburn. While it would be a decision for the new responsible entity, at that point the Unit Trust may be wound up. These dealings with the Notes and CPS and any winding up may result in a tax liability for the Unit Trust and its Unitholders.

Directors' Report (continued)

Key Risks (continued)

- Consistent with unitholders having equivalent economic exposure to Murray Goulburn as the holders of Murray Goulburn shares, the Notes are subordinated to the claims of all of the creditors of Murray Goulburn and rank equally with the claims of the holders of equal ranking obligations of Murray Goulburn. If Murray Goulburn was wound up or liquidated the amount payable to the Unit Trust for its Notes and CPS will only be paid after the debts owing to all Murray Goulburn creditors have been paid in full and will be paid at the same time and in the same proportion as payments are made to holders of equal ranking obligations.

Exposure to Retained Litigation (involving Murray Goulburn or MG Responsible Entity Limited) also has the potential to materially impact upon the Unit Trust's market exposure. Regardless of the ultimate outcome of litigation (which may be subject to appeal), and whether involving regulatory action or civil claims, litigation may have a material impact on the Unit Trust as a result of the costs associated with litigation and the management time associated with defending litigation. The notes to the financial statements provide details regarding current and potential litigation relevant to the Unit Trust.

Matters subsequent to the end of the financial year

On 17 August 2018, a second unitholder class action proceeding was commenced against Murray Goulburn and MG Responsible Entity Limited (MGRE), as responsible entity of the MG Unit Trust in the Federal Court of Australia, Victoria Registry. The proceeding was filed on behalf of the applicant by Slater and Gordon Lawyers and was served on Murray Goulburn and MGRE on 20 August 2018. The named applicant is Endeavour River Pty Ltd (ACN 062 184 981). The proceeding is brought on behalf of the applicant and on behalf of all persons who acquired an interest in fully paid units in the MG Unit Trust during the period between 29 May 2015 to 26 April 2016 (inclusive) and have entered into a litigation funding agreement with IMF Benthams Limited (ASX:IMF) in relation to this proceeding on or before 16 August 2018 and which had not been terminated as at 16 August 2018. Murray Goulburn and MGRE intend to defend the proceeding. This proceeding falls within the meaning of Retained Litigation. The timing and conclusion of this proceeding is uncertain.

Except for the above, no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Unit Trust, the results of those operations, or the state of affairs of the Unit Trust in financial years subsequent to the year ended 30 June 2018.

Fees paid to and investments held by the Responsible Entity or its associates

There were no fees paid to MG Responsible Entity Limited, its Directors or Key Management Personnel by the Unit Trust and no investments were held by MG Responsible Entity Limited in the Unit Trust during the year (2017, \$Nil).

Indemnity and insurance of officers

During the financial year, MG Responsible Entity Limited insured its Directors and Officers against liability to third parties and for costs incurred in defending any civil or criminal proceedings that may be brought against them in their capacity as Directors or Officers of that entity. This excludes a liability that arises out of wilful breach of duty or improper use of inside information. The premium also insures MG Responsible Entity Limited for any indemnity payments it may make to its Directors and Officers in respect of costs and liabilities incurred. Disclosure of the premium payable is prohibited under the conditions of the policy. The cost of the premium was borne by Murray Goulburn Co-operative Co. Limited (the ultimate parent of MG Responsible Entity Limited).

Non-audit services

During the year, PwC, the Unit Trust's auditor, did not perform any other services for MG Unit Trust in addition to their statutory duties. Details of amounts paid to PwC during the financial year are set out in Note 11 of the Financial Statements.

Indemnity of auditors

The auditors of the Unit Trust are in no way indemnified out of the assets of the Unit Trust.

Interests in the Unit Trust

The movement in units on issue in the Unit Trust during the year is disclosed in Note 8 to the financial statements. The value of the Unit Trust's assets and liabilities are disclosed on the Statement of Financial Position and derived using the basis set out in Note 2 to the financial statements.

Directors' Report (continued)

Directors' interests in the Unit Trust

Holdings of Directors of the Responsible Entity:

Director	Balance at 1 July 2017	Increases during the year	Balance at date of this report
J Spark (Chairman of Parent)	-	-	-
LM Dwyer	193,758	-	193,758
I Goodin	(i)	-	-
DC Grant	(i)	-	-
BA Williams	(ii) 476	-	476
N Akers	30,884	(iii)	-
MF Ihlein	-	(iii)	-
KW Jones	30,005	(iii)	-
GN Munzel	27,619	(iii)	-
A Mervis (Former Chief Executive Officer and Managing Director of Parent)	107,000	(iii)	-
WT Bodman	-	(iii)	-
M Clark	-	(iii)	-
CJ Dwyer	-	(iii)	-
KD Jackson	-	(iii)	-
GH Kilpatrick	74,763	(iii)	-

(i) Appointed as director during year ended 30 June 2018.

(ii) Appointed as director during year ended 30 June 2018, balance held at 1 July 2017 prior to appointment as director.

(iii) Ceased as director during the year ended 30 June 2018, accordingly their interests at 30 June 2018 are not disclosed.

Rounding of amounts to the nearest thousand dollars

The Unit Trust is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with the Instrument, unless otherwise indicated.

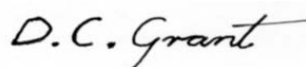
Auditor's Independence Declaration

Our auditors have provided the Board of Directors of MG Responsible Entity Limited with a signed Independence Declaration in accordance with section 307C of the Corporations Act 2001. This declaration is included at page 18 of this financial report.

Signed in accordance with a resolution of the Board of Directors.



J Spark
Director and Chairman of Parent



DC Grant
Director of Parent

Melbourne
24 August 2018

Statement of Comprehensive Income

for the financial year ended 30 June 2018

	Note	2018 \$000	2017 \$000
<i>Finance (expense) income</i>			
Net change in fair value of liability to unitholders	4	86,079	88,538
Distributions to unitholders	4	(168,215)	(11,453)
<i>Investment expense (income)</i>			
Net fair value loss on revaluation of loan to MG Sub Trust	5	(86,079)	(88,538)
Distribution income	5	168,215	11,453
Profit (loss) before income tax		-	-
Income tax expense		-	-
Profit (loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Note	2018 \$000	2017 \$000
Assets			
Financial asset held at fair value through profit or loss - loan to MG Sub Trust	6	52,058	132,316
Total assets		52,058	132,316
Liabilities			
Total liabilities (excluding net assets attributable to unitholders)		-	-
Net assets attributable to unitholders - liability	8	52,058	132,316

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the financial year ended 30 June 2018

	Equity attributable to unitholders
	\$000
Profit for the year	-
Other comprehensive income for the year	-
Balance at 30 June 2017	-
Profit for the year	-
Other comprehensive income for the year	-
Balance at 30 June 2018	-

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the financial year ended 30 June 2018

	2018 \$000	2017 \$000
Cash flows from operating activities		
Net cash inflow (outflow) from operating activities	-	-
Cash flows from investing activities		
Net cash inflow (outflow) from investing activities	-	-
Cash flows from financing activities		
Net cash outflow from financing activities	-	-
Net increase (decrease) in cash	-	-
Cash at the end of the year	-	-
Reconciliation to cash		
Cash at bank and cash on hand	-	-
Cash at the end of the year	-	-

In its role as responsible entity of MG Unit Trust (the Unit Trust), MG Responsible Entity receipts distributions on behalf of the Unit Trust and distributes them to unitholders. There is nil impact to the Unit Trust's cash position when a distribution is received and paid.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2018

1: General information

These financial statements cover MG Unit Trust (the Unit Trust) as an individual entity. The Unit Trust was registered as a Managed Investment Scheme on 28 May 2015 and is a wholly owned and controlled subsidiary of its ultimate parent entity, Murray Goulburn Co-Operative Co. Limited (Murray Goulburn).

In 2015, Murray Goulburn undertook a capital restructure that involved the establishment of the Unit Trust, a special purpose funding vehicle listed on the Australian Stock Exchange. The responsible entity of the Unit Trust is MG Responsible Entity Limited (Responsible Entity), a wholly owned subsidiary of Murray Goulburn. The board of the Responsible Entity is the same as the Board of Murray Goulburn.

The funds raised by the Unit Trust from external investors in an initial public offering of units undertaken in July 2015 were invested into Murray Goulburn through Notes issued by Murray Goulburn. Subsequent to the Unit Trust listing on the ASX, it acquired Convertible Preference Shares (CPS) issued by Murray Goulburn as a consequence of the operation of Murray Goulburn's Shareholder Trading Platform. The Notes and CPS each, as far as possible, carry the same economic rights as Murray Goulburn ordinary shares.

Unitholders are entitled to receive distributions equivalent to any dividends paid to shareholders in Murray Goulburn. Dividends on shares, and therefore distributions on units, are determined by the Board of Murray Goulburn.

The Responsible Entity's registered office is Level 15, Freshwater Place, 2 Southbank Boulevard, Southbank, VIC 3006.

2: Summary of significant accounting policies

A) BASIS OF PREPARATION

MG Unit Trust is a for-profit unit trust for the purpose of preparing these general purpose financial statements and is domiciled in Australia. These financial statements for the year ended 30 June 2018 were authorised for issue by the directors of the Responsible Entity on 24 August 2018.

The financial statements:

- have been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations issued by the AASB, and the Corporations Act 2001;
- are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated;
- are presented in Australian dollars with values rounded to the nearest 1,000 unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- to the extent applicable adopt the accounting policies of Murray Goulburn, the Unit Trust's ultimate parent. Murray Goulburn's accounting policies are set out in Murray Goulburn's annual financial report for the year ended 30 June 2018, which is available at www.mgcl.com.au; and
- include the adoption of all new and amended Australian Accounting Standards and Interpretations that became mandatory as at 1 July 2017. The adoption of the amending standards has not resulted in a change to the financial performance or position of the Unit Trust, and has not resulted in any additional disclosures upon adoption.

B) GOING CONCERN BASIS OF PREPARATION

On 1 May 2018, the sale of the Unit Trust's ultimate parent's operating assets and liabilities to Saputo (the Saputo transaction) was completed. As previously announced by the Board, the proceeds from that transaction have been and will be used to repay the Unit Trust's ultimate parent's debt obligations, return capital to shareholders and unitholders, and to fund any potential obligations arising from the Retained Litigation.

At the conclusion of the Retained Litigation it is anticipated that the Unit Trust's parent, the Responsible Entity and the Unit Trust will be wound up and a final distribution (if any) made to all shareholders and unitholders. The Profit Sharing Mechanism and the Shareholder Trading Platform were discontinued during the financial period.

As at the date of approval of these financial statements, the Board is of the view that the Unit Trust can and will be able to pay its remaining debts as and when they fall due however as the winding up of the Unit Trust is intended to occur at an as yet undetermined point in the future, these financial statements are not prepared on a going concern basis.

The basis of preparation of these financial statements is that of an orderly realisation of the assets and liabilities of the Unit Trust. To the extent this affects the remaining assets and liabilities of the Unit Trust, the presentation and valuation thereof has been adjusted accordingly and disclosed as such in the applicable note to the financial statements.

Notes to the Financial Statements (continued)

for the financial year ended 30 June 2018

2: Summary of significant accounting policies (continued)

C) FINANCIAL ASSETS

The Notes and Convertible Preference Shares (CPS) are measured at fair value through profit or loss as they do not meet the requirements to be classified at amortised cost as the contractual terms of the Notes do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Notes and CPS are not listed and there is no active market for these. The notes and CPS are valued using the quoted price of units (which are considered to be a materially comparable instrument) in the Unit Trust listed on the ASX. Gains and losses arising on the revaluation of financial assets to fair value are recorded as investment income or expense in the Statement of Comprehensive Income.

D) NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The Unit Trust is contractually obligated to pay out distributions to unitholders equal to the distributions the Unit Trust receives from Murray Goulburn on the Notes and Convertible Preference Shares held via MG Sub Trust. The Unit Trust is required to redeem the units upon a change of control of Murray Goulburn. There was no change of control as a result of the Saputo transaction. Additionally, neither the distributions nor the redemption are within the Trust's control. Based on these facts the units are classified as financial liabilities for the Unit Trust. The Unit Trust continues to be of the view that measuring the financial assets at fair value based on unit price is the most appropriate form of measurement.

E) INVESTMENT INCOME

Distributions received by the Unit Trust from Murray Goulburn on the Notes and Convertible Preference Shares (CPS) held by MG Sub Trust are recognised in the profit or loss as distribution income.

F) DISTRIBUTIONS

The Unit Trust is contractually obligated to distribute to unitholders any distribution it receives from Murray Goulburn on the Notes and Convertible Preference Shares (CPS) held by MG Sub Trust. The distributions are recognised in profit or loss as finance costs attributable to unitholders.

G) SEGMENT INFORMATION

The Unit Trust is a special purpose funding vehicle and it operates as a single segment entity. As a special purpose funding vehicle it has raised funds on the ASX and all funds raised have been lent by the Unit Trust's responsible entity to MG Sub Trust, an entity which, like the Unit Trust, is a wholly owned subsidiary of Murray Goulburn. The relationship between these entities and nature of the transactions which are likely to occur between them is more fully set out in the Unit Trust's Product Disclosure Statement, dated 29 May 2015 which is available on Murray Goulburn's web site. The Trust's financial performance is evaluated on an overall basis. Upon the revaluation of the loan receivable from MG Sub Trust and amounts due to unitholders to fair value, resultant gains or losses are reflected in the Statement of Comprehensive Income and in the ordinary course each fair value adjustment offsets the other such that the result of the Trust's operations is expected to be nil. The Trust's financial performance is assessed on this basis. The chief operating decision-makers monitor the operating results of the Unit Trust on an overall basis. Therefore the Unit Trust is a single-segment entity.

Notes to the Financial Statements (continued)

for the financial year ended 30 June 2018

H) ADOPTION OF NEW AND REVISED STANDARDS

AASB 9 Financial Instruments

The Unit Trust early adopted AASB 9, however this decision does not impact on the recognition and measurement of the Trust's financial instruments as they are carried at fair value through profit or loss. AASB 9 also introduces a new impairment model, however, as the Trust's investments are all held at fair value through profit or loss, the change in impairment rules does not impact the Trust.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and Interpretation 13 Customer Loyalty Programs. The core principle of AASB 15 is that revenue is recognised when control of a good or service transfers to a customer at the transaction price. The standard becomes applicable for the financial year ending 30 June 2019. The Unit Trust does not expect AASB 15 to have any impact on the financial statements.

I) RETAINED LITIGATION

As part of the Saputo transaction which completed on 1 May 2018, Murray Goulburn agreed to retain certain litigation liabilities associated with the current Australian Competition and Consumer Commission (ACCC) proceeding and the Webster unitholder class action (details of which are contained in Note 14) as well as any claim or dispute which is based on the same or substantially similar facts or circumstances (Retained Litigation). The MG Unit Trust has exposure to the Retained Litigation to the extent they result in liabilities. Refer to Note 14 for further details.

3: Earnings per unit

	2018	2017
Basic and diluted earnings per unit attributable to unitholders of the Unit Trust (\$)	-	-
Earnings attributable to unitholders of the Unit Trust (\$ million)	-	-
Weighted average number of units (thousands of units)	206,835	204,287

Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders of the Trust by the weighted average number of units outstanding during the year.

Diluted earnings per unit is determined by adjusting the profit or loss attributable to unitholders of the Trust and the weighted average number of Trust units outstanding for the effects of all Trust units with dilutive potential. There were no Trust units with dilutive potential for the year presented.

4: Finance (expense) income

	2018 \$000	2017 \$000
Net change in fair value of liability to unitholders	86,079	88,538
Distribution expense (i)	(168,215)	(11,453)
Total finance (expense) income	(82,136)	77,085

(i) Distribution expense: For further information regarding distributions, refer to note 8 of Murray Goulburn's annual financial report which is available on that entity's web site. The 2018 distribution to unitholders was in relation to a Return of Capital following the completion of the Saputo transaction. Refer note 21 of Murray Goulburn's annual financial report.

Notes to the Financial Statements (continued)

for the financial year ended 30 June 2018

5: Investment income (expense)

	2018 \$000	2017 \$000
Net fair value loss on revaluation of loan to MG Sub Trust	(86,079)	(88,538)
Distribution income	168,215	11,453
Total investment income (expense)	82,136	(77,085)

Net fair value loss on revaluation of loan to MG Sub Trust

The related party loan receivable is recorded at fair value through profit or loss. An unrealised loss was recognised when the amount receivable was fair valued as at balance date.

6: Financial asset held at fair value through profit or loss - loan to MG Sub Trust

	2018 \$000	2017 \$000
Financial asset held at fair value through profit or loss - loan to MG Sub Trust	52,058	132,316

The related party loan is receivable from the MG Sub Trust. The ultimate parent of both the Trust and MG Sub Trust is Murray Goulburn.

7: Fair value measurement of financial instruments

AASB 13 requires disclosure of the fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents financial assets and liabilities at fair value:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
At 30 June 2018				
Financial asset held at fair value through profit or loss:				
- loan to MG Sub Trust	-	52,058	-	52,058
Financial liabilities at fair value through profit or loss:				
- amounts due to unitholders	-	52,058	-	52,058
At 30 June 2017				
Financial asset held at fair value through profit or loss:				
- loan to MG Sub Trust	-	132,316	-	132,316
Financial liabilities at fair value through profit or loss:				
- amounts due to unitholders	-	132,316	-	132,316

There were no transfers between Levels 1, 2 and 3 during the year ended 30 June 2018.

The fair value of the loan receivable represents the cash flows that the Unit Trust expects to receive in principal and dividend streams from the MG Sub Trust. This fair value that has been used is the value of the Unit Trust quoted on the ASX at 30 June 2018. In turn, the value of the liability due to unitholders is driven by the value of the loan receivable as this represents the value that the unitholders are entitled to. Given that both asset and liability reference quoted prices, they have both been classified as level 2.

Notes to the Financial Statements (continued)

for the financial year ended 30 June 2018

8: Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	2018 Number	2018 \$000	2017 Number	2017 \$000
Opening balance	205,140,400	132,316	204,821,672	223,256
Number of units issued	18,328,180	11,254	10,670,864	11,132
Number of units redeemed	(6,561,308)	(5,433)	(10,352,136)	(13,534)
Decrease in net assets attributable to unitholders	-	(86,079)	-	(88,538)
Closing balance	216,907,272	52,058	205,140,400	132,316

Net assets attributable to unit holders is measured at fair value, calculated as the number of units on issue multiplied by the unit market price.

9: Distributions to unitholders

The distributions for the year were as follows:

	2018 \$000	2018 CPU
Distributions paid		
Distribution to unitholders following completion of the Saputo transaction	168,215	80.00
Distributions payable	-	-
	168,215	
	2017 \$000	2017 CPU
Distributions paid		
- Final distribution in relation to the 2016 financial period (fully franked)	8,013	3.91
- Interim distribution in relation to the 2017 financial period (fully franked)	3,440	1.70
Distributions payable	-	-
	11,453	

10: Financial risk management

The Unit Trust is a special purpose, passive funding vehicle holding only an interest in subordinated Notes and CPS issued by Murray Goulburn, where the Notes and CPS are held by MG Sub Trust on trust for the Unit Trust. The ultimate parent of both the Unit Trust and MG Responsible Entity Limited, is Murray Goulburn. The Trust's costs are borne by MG Responsible Entity Limited, MG Responsible Entity Limited is reimbursed for expenses incurred by the ultimate parent Murray Goulburn. The Trust has limited net exposure to market price risk and liquidity risk. The Trust has no direct exposure to interest rate, foreign exchange or credit risk. The risk management policies employed by the Trust are discussed in the notes below.

Market price risk

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual instrument, its issuer or all factors affecting all instruments traded in the market. The Trust's financial instruments comprise a loan receivable from MG Sub Trust and liabilities to unitholders which are both carried at fair value with fair value changes recognised in the income statement. Both of these instruments are exposed to market price risk. Any change in the market price of the units will result in an equal and opposite change in the market price of the loan receivable. Hence, no impact on the income statement is expected due to changes in market prices.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's costs are borne by MG Responsible Entity Limited, MG Responsible Entity Limited is reimbursed for expenses incurred by the ultimate parent Murray Goulburn. Hence, the Trust is not exposed to any significant liquidity risk.

Notes to the Financial Statements (continued)

for the financial year ended 30 June 2018

11: Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Trust (all amounts were paid by the Responsible Entity of the Trust):

	2018	2017
	\$	\$
PricewaterhouseCoopers Australian firm		
<i>Audit and other assurance services</i>		
- Audit and review of financial statements	50,000	50,000
- Audit of compliance plan	40,000	40,000
Total remuneration for audit and other assurance services	90,000	90,000

12: Related party transactions

a) Responsible entity

The responsible entity of MG Unit Trust is MG Responsible Entity Limited.

b) Directors

Key management personnel includes persons who were directors of MG Responsible Entity during the financial year.

c) Other key management personnel

KMP comprise selected members of MG Responsible Entity Limited's parent's Executive Leadership Team (ELT) having authority and responsibility for planning, directing and controlling the activities of MG Responsible Entity Limited.

d) Transactions with key management personnel

Key management personnel services are provided by MG Responsible Entity Limited, there is no charge for these services. There was no compensation paid directly by the Trust to any of the key management personnel.

The following transactions occurred with key management personnel during the year:

	2018	2017
	Number	Number
Application for units	-	183,197
Redemption of units	-	-

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the year.

e) Other transactions

Costs of the Trust are borne by MG Responsible Entity Limited, the Responsible Entity of the Trust. The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the Responsible Entity at any time during the year.

Units in the Unit Trust are acquired by an external broker to satisfy various corporate actions (including share offtake, initial shares and DRPs), with the securities ultimately held through MG Shares Pty Ltd (a wholly owned subsidiary of Murray Goulburn), until such time as they are transferred to the relevant investors. All transactions are at the prevailing market price and in accordance with the mechanisms set out in the Product Disclosure Statement (PDS). MG Noteholder Pty Ltd and MG Market Facilitator Pty Ltd (both wholly owned subsidiaries of Murray Goulburn) are also involved in the rebalancing process, as described in the PDS, and therefore various transactions are processed through those entities.

f) Related party investments

As at 30 June 2018, the Trust held no investments in the Responsible Entity, or any other related entities.

Notes to the Financial Statements (continued)

for the financial year ended 30 June 2018

13: Events Subsequent to Balance Date

On 17 August 2018, a second unitholder class action proceeding was commenced against Murray Goulburn and MG Responsible Entity Limited (MGRE), as responsible entity of the MG Unit Trust in the Federal Court of Australia, Victoria Registry. The proceeding was filed on behalf of the applicant by Slater and Gordon Lawyers and was served on Murray Goulburn and MGRE on 20 August 2018. The named applicant is Endeavour River Pty Ltd (ACN 062 184 981). The proceeding is brought on behalf of the applicant and on behalf of all persons who acquired an interest in fully paid units in the MG Unit Trust during the period between 29 May 2015 to 26 April 2016 (inclusive) and have entered into a litigation funding agreement with IMF Bentham Limited (ASX:IMF) in relation to this proceeding on or before 16 August 2018 and which had not been terminated as at 16 August 2018. Murray Goulburn and MGRE intend to defend the proceeding. This proceeding falls within the meaning of Retained Litigation. The timing and conclusion of this proceeding is uncertain.

Except for the above, no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Unit Trust, the results of those operations, or the state of affairs of the Unit Trust in financial years subsequent to the year ended 30 June 2018.

For information regarding Murray Goulburn's events subsequent to balance date, please refer to note 24 of that entity's annual financial report for the year ended 30 June 2018, available on Murray Goulburn's web site.

14: Contingent liabilities

Other than the matters referred to below, there are no other matters giving rise to material contingent liabilities.

First unitholder class action - Webster

On 17 May 2016, a class action proceeding was commenced against Murray Goulburn, the Responsible Entity and a number of former directors. The statement of claim alleges contraventions of the Corporations Act through allegedly misleading or deceptive statements made in a Product Disclosure Statement issued on 29 May 2015 (PDS) and in subsequent market announcements and through continuous disclosure contraventions. It is also claimed that the Responsible Entity breached fiduciary and statutory duties to unitholders. The proceeding is brought by the lead plaintiff on behalf of the unitholders who purchased units pursuant to the PDS and/or in the period from 3 July 2015 to 2 May 2017. Murray Goulburn and the Responsible Entity filed a defence to the proceeding on 22 December 2017.

The Webster proceeding has not been set down for trial. The next case management hearing is listed for 21 September 2018. The timing and conclusion of this proceeding is uncertain.

ACCC Proceeding

On 28 April 2017, the Australian Competition and Consumer Commission (ACCC) commenced legal proceedings against Murray Goulburn and two former officers of Murray Goulburn in the Federal Court in relation to potential breaches of the Competition and Consumer Act 2010 (Cth). The ACCC is not seeking a pecuniary penalty against Murray Goulburn. Murray Goulburn filed a defence to the proceeding on 5 September 2017.

Murray Goulburn and the ACCC are seeking to progress a resolution of the proceeding, and orders have been made in relation to this process. This process is currently ongoing. Any settlement, if reached, would be subject to Federal Court approval.

The ACCC has settled its claim against former chief financial officer (Mr Hingle) and that claim has been dismissed with no adjudication on the merits, by order of the Court dated 10 August 2018.

Second unitholder class action – Endeavour River

On 17 August 2018, a second unitholder class action proceeding was commenced against Murray Goulburn and MG Responsible Entity Limited (MGRE), as responsible entity of the MG Unit Trust in the Federal Court of Australia, Victoria Registry. The proceeding was filed on behalf of the applicant by Slater and Gordon Lawyers and was served on Murray Goulburn and MGRE on 20 August 2018. The named applicant is Endeavour River Pty Ltd (ACN 062 184 981). The proceeding is brought on behalf of the applicant and on behalf of all persons who acquired an interest in fully paid units in the MG Unit Trust during the period between 29 May 2015 to 26 April 2016 (inclusive) and have entered into a litigation funding agreement with IMF Bentham Limited (ASX:IMF) in relation to this proceeding on or before 16 August 2018 and which had not been terminated as at 16 August 2018. Murray Goulburn and MGRE intend to defend the proceeding. This proceeding falls within the meaning of Retained Litigation. The timing and conclusion of this proceeding is uncertain.

Directors' Declaration

MG Responsible Entity Limited presents the Directors' Declaration in respect of MG Unit Trust.

In accordance with a resolution of the Directors of MG Responsible Entity Limited we state that, in the opinion of the Directors:

- a) the financial statements and notes of the MG Unit Trust for the year ended 30 June 2018, are in accordance with the Corporations Act 2001, including:
 - (i) complying with applicable accounting standards and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the MG Unit Trust's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b) notwithstanding that these financial statements are not prepared on a going concern basis of preparation there are reasonable grounds to believe that the Unit Trust will be able to pay its debts as and when they become due and payable.

The Directors have received the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

This declaration is made in accordance with a resolution of the Directors of MG Responsible Entity Limited.



J Spark
Director and Chairman of Parent



DC Grant
Director of Parent

Melbourne
24 August 2018



Auditor's Independence Declaration

As lead auditor for the audit of MG Unit Trust for the year ended 30 June 2018, 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.

A handwritten signature in black ink that reads 'Lisa Harker'.

Lisa Harker
Partner
PricewaterhouseCoopers

Melbourne
24 August 2018



Independent auditor's report

To the unitholders of MG Unit Trust

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of MG Unit Trust (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2018
- the statement of comprehensive income for the financial year then ended
- the statement of changes in equity for the financial year then ended
- the statement of cash flows for the financial year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

We are independent of the Registered Scheme in accordance with the auditor independence requirements of 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* (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.

PricewaterhouseCoopers, ABN 52 780 433 757

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Emphasis of matter - going concern no longer appropriate

We draw attention to Note 2(b) in the financial report, which discusses the directors of MG Responsible Entity Limited's (Responsible Entity of the MG Unit Trust) intention to wind up the business upon conclusion of the retained litigation matters. As a result, the financial report has been prepared on a basis of orderly realisation of assets and liabilities and not on a going concern basis. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Registered Scheme, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall materiality of \$520,000, which represents approximately 1% of the Registered Scheme's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose total assets as the benchmark because, in our view, it is the metric against which the performance of the Registered Scheme is most commonly measured.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit scope

- Our audit focused on where the Registered Scheme made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- In designing our procedures, we considered the nature of the registered scheme, which is a passive funding vehicle, holding only an interest in Subordinated Notes and Convertible Preference Shares (CPS) issued by Murray Goulburn Co-operative Co. Limited, where the Notes and CPS are held by MG Sub Trust on trust for the registered scheme. The ultimate parent company of both the MG Unit Trust and MG Sub Trust is Murray Goulburn Co-operative Co. Limited.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the directors of MG Responsible Entity Limited.

Key audit matter	How our audit addressed the key audit matter
<p>Fair value measurement of financial instruments</p> <p>Refer to note 2 Summary of significant accounting policies, note 6 Financial asset held at fair value through profit or loss – loan to MG Sub Trust, note 7 Fair value measurement of financial instruments and note 8 Net assets attributable to unitholders.</p> <p>MG Unit Trust recognised a financial asset of \$52.1 million representing a loan receivable from MG Sub Trust, which is recorded at fair value through profit or loss. The loan receivable is revalued each period to reflect the current fair value of MG Unit Trust's units, given the units are considered to be a materially comparable instrument to the Notes and Convertible Preference Shares held via MG Sub Trust.</p> <p>MG Unit Trust also holds a financial liability of \$52.1 million. The value of the liability due to unitholders is driven by the value of the loan receivable as this represents the value that the unitholders are entitled to.</p> <p>Because of the financial significance of the fair value of the financial asset and liability to MG Unit Trust and given they are recorded at fair value, we determined this to be a key audit matter.</p>	<p>Our audit procedures related to the fair value measurement of financial instruments included the following, amongst others:</p> <ul style="list-style-type: none"> Recalculated the fair value of the financial asset, using the MG Unit Trust's closing price per the Australian Securities Exchange as at 30 June 2018 multiplied by the total units outstanding and checked it was consistent with the recorded financial asset. Checked that the value of the financial liability was equal to and offset the financial asset. Traced the distribution during the period to the bank statements.

Key audit matter	How our audit addressed the key audit matter
<p>Retained litigation</p> <p>Refer to note 14 Contingent liabilities</p> <p>Certain litigation liabilities associated with the Australian Competition and Consumer Commission proceedings, the unitholder class actions and any claim or dispute which is based on the same or substantially similar facts or circumstances, were excluded from the sale of Murray Goulburn Co-operative Co. Limited's operating assets and liabilities to Saputo Dairy Australia Pty Ltd on 1 May 2018 (retained litigation). MG Unit Trust has exposure to these contingent liabilities to the extent they result in liabilities in future reporting periods.</p> <p>Given the significant level of judgement in evaluating these matters, we determined this to be a key audit matter.</p>	<p>In evaluating the status of the retained litigation matters we:</p> <ul style="list-style-type: none"> • Met with senior Murray Goulburn Co-operative Co. Limited legal counsel and discussed developments in relation to these matters. • Discussed the status of the legal matters with the directors of MG Responsible Entity Limited. • Held discussions with external counsel assisting on the legal matters to corroborate managements' and the directors' representations. • Sent and received legal confirmations from the external counsel assisting on the matters. <p>In assessing the information obtained as a result of these procedures, we evaluated the adequacy of the disclosure included in note 14 of the financial report for consistency with the requirements of Australian Accounting Standards.</p>

Other information

The directors of MG Responsible Entity Limited are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the other information available and we expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly 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 identified above 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.



When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of MG Responsible Entity Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for 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 ability of the Registered Scheme 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 Registered Scheme 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 the 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/ar2.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Lisa Harker'.

Lisa Harker
Partner

Melbourne
24 August 2018