



27 February 2019

Market Announcements Office
Australian Securities Exchange

ELECTRONIC LODGEMENT

Dear Sir or Madam

MG Unit Trust – Interim financial statements and reports for the half year ended 31 December 2018

In accordance with the Listing Rules, attached is a copy of the Appendix 4D, together with MG Unit Trust's interim financial statements and reports for the half year ended 31 December 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 interim financial statements and reports of Murray Goulburn for the half year ended 31 December 2018 will be released to the market.

Yours faithfully

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

Richa Puri
Company Secretary

APPENDIX 4D Rule 4.2A.3

Half-year report

MG Unit Trust

ARSN 606 103 637

1. Details of the reporting period

Reporting Period: 1 July 2018 to 31 December 2018

Previous Corresponding Period: 1 July 2017 to 31 December 2017.

2. Results for announcement to the market

		31 December 2018	31 December 2017	Up/Down	Movement
		\$m	\$m	\$m	%
2.1	Investment income /(expense) – net fair value (loss) gain on revaluation of loan to MG Sub Trust	8.7	43.5	(34.8)	(80%)
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

2.4 Distributions:

	Amount per security	Franked amount per security
Current period Interim Distribution	N/A	N/A
Previous corresponding period Interim Distribution	N/A	N/A

2.5 Distribution record date: N/A (nil interim distribution proposed).

2.6 Brief explanation of figures in 2.1 to 2.4:

- i) Revenue is down 80% and represents a net fair value gain on revaluation of loan to MG Sub Trust of \$8.68m (comparative period \$43.52m).
- ii) The Scheme reported nil profit after income tax for the period ended 31 December 2018 (comparative period, \$nil).
- iii) N/A (nil interim distribution).

3. Net tangible asset backing per unit at 31 December 2018: A\$0.28

(30 June 2018: A\$0.24).

4. Control gained over entities having a material effect: None.

5. Details of individual distributions and payment dates: Not applicable.

6. Details of Distribution Reinvestment Plan: Not applicable, no interim distribution.

7. Details of associates and joint venture entities: None.

8. For foreign entities, which set of accounting standards is used in compiling the report: Not applicable.

9. Details of independent auditor's review report that is subject to modified opinion, emphasis of matter or other matter paragraph: The independent auditor's review report included in the attached interim financial statements contains an emphasis of matter paragraph in respect of going concern. This is also addressed in Note 1.3 of the interim financial statements.



John Spark
Chairman



DC Grant
Director

Date: 27 February 2019

MG Unit Trust

ARSN 606 103 637

Interim Financial Report for the half-year ended 31 December 2018

TABLE OF CONTENTS

DIRECTORS' REPORT	2
FINANCIAL REPORT	
Consolidated statement of profit or loss and other comprehensive income.....	5
Consolidated statement of financial position.....	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the financial statements.....	9
DIRECTORS' DECLARATION	14
AUDITOR'S INDEPENDENCE DECLARATION	15
INDEPENDENT AUDITOR'S REVIEW REPORT	16

Directors' report

The Directors of MG Responsible Entity Limited (the Responsible Entity), the responsible entity of MG Unit Trust (the Unit Trust), present their report together with the financial report of the Unit Trust for the half-year ended 31 December 2018.

Responsible Entity

The registered office and principal place of business of the Responsible Entity 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 half-year up to the date of this report are:

Name	Directorship period
J Spark (Chairman)	Director since 24 March 2017
LM Dwyer	Director since 28 October 2016
I Goodin	Director since 27 October 2017
DC Grant	Director since 27 October 2017
BA Williams	Director since 27 October 2017

Company Secretary

The Company Secretary of the Responsible Entity during the half-year was Richa Puri.

Principal activities

The principal activity of the Unit Trust during the half-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 the Responsible Entity. Murray Goulburn is the ultimate parent of each of the Responsible Entity and the trustee of the Murray Goulburn Sub Trust.

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

There has been no change in the nature of these activities during the half-year.

On 1 May 2018 the operating assets of Murray Goulburn and its subsidiaries (the Group) were sold to Saputo Dairy Australia Pty Ltd (the Saputo transaction). As part of the Saputo transaction, Murray Goulburn agreed to retain liabilities associated with the Australian Competition and Consumer Commission (ACCC) proceeding and Webster unitholder class action and any claim or dispute which is based on the same or substantially similar facts or circumstances together, the 'Retained Litigation'. On 20 August 2018, a second unitholder class action was commenced (see below for details under the section titled 'Status of the Retained Litigation').

Murray Goulburn has retained part of the sale proceeds to appropriately manage any potential exposure it has under the Retained Litigation.

The principal activities of the Group during the half-year have been the finalisation and settlement of the Saputo transaction price, the management of funds retained from the Saputo transaction and legal activities associated with the Retained Litigation.

Review of operations

The Unit Trust reported nil profit after income tax for the half-year ended 31 December 2018 (2017: nil). The value of the Unit Trust assets as at 31 December 2018 of \$60.7 million (30 June 2018: \$52.1 million) was valued at fair value through profit or loss. Given 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 for the half-year ended 31 December 2018. That financial report is available on the Murray Goulburn website (www.mgcl.com.au) and has been released to the Australian Securities Exchange (ASX) in conjunction with this report.

There have been no distributions declared or paid by the Unit Trust during the half-year.

The going concern status of the Unit Trust is addressed in Note 1.3 of the financial report and the auditor has noted an Emphasis of Matter in relation to the going concern basis of preparation in their Independent Auditor's Review Report.

Directors' report

Future developments

After the conclusion of the Retained Litigation, it is anticipated that the Group will be wound up and a final distribution of the balance of the Saputo transaction proceeds (if any) will be made to all Shareholders and Unitholders. The timing and amount of subsequent distributions (if any) is not certain given the outcome of the Retained Litigation is uncertain.

The results of the Unit Trust's operations will be affected by a number of factors, including the performance of the ASX and specifically the financial results 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.

Significant changes in the state of affairs

Other than the finalisation and settlement of the Saputo transaction price, a portion of which had remained subject to negotiation as at the last reporting date, 30 June 2018, and the commencement of the second unitholder class action, as referred to in Status of the Retained Litigation, there has been no other significant changes in the state of affairs of the Unit Trust during the half-year.

Status of the Retained Litigation

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 Webster 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 is ongoing and a trial date has been set for February 2020 with an estimated trial time of four weeks.

Second unitholder class action – Endeavour River

On 20 August 2018, a second unitholder class action proceeding was commenced against Murray Goulburn and the Responsible Entity. The allegations in the Endeavour River class action, whilst pleaded differently to the Webster class action, also arise from substantially the same series of events.

The management of the Endeavour River class action has been synchronised with the Webster class action, including that the trial date for the Endeavour River class action has also been scheduled for February 2020 with an estimated trial time of four weeks.

ACCC proceeding

On 28 April 2017, the ACCC commenced legal proceedings against Murray Goulburn and two former officers in the Federal Court in relation to potential breaches of the Competition and Consumer Act 2010 (Cth).

In December 2018, the Federal Court of Australia approved the settlement of the terms sought by the ACCC, Murray Goulburn and former managing director Mr Gary Helou, and imposed a pecuniary penalty of \$200,000 on Mr Helou. The ACCC did not seek a pecuniary penalty against Murray Goulburn.

The Court also made costs orders in relation to the proceeding. Murray Goulburn has contributed \$200,000 to the ACCC's costs of the proceeding, and Mr Helou has contributed \$50,000 to the ACCC's costs of the proceeding.

Proposal to delist the Unit Trust

On 17 December 2018, the Board of the Responsible Entity announced its proposal to seek the approval of Unitholders to delist the Unit Trust from the ASX, and to convene a meeting of Unitholders sometime in February or March 2019 to seek that approval. Based on initial enquiries with the insurance market, Murray Goulburn and the Responsible Entity anticipated that they could reduce the Group's operating costs, including the cost of future insurance premiums, by delisting the Unit Trust from the ASX.

Murray Goulburn continues to make enquiries of the insurance market in relation to its annual insurance premiums for the period starting 1 April 2019 and the cost of final run off insurance when Murray Goulburn is eventually wound up (following the conclusion of the Retained Litigation). As part of these enquiries, Murray Goulburn is seeking clarity with respect to the potential cost savings for ongoing insurance premiums if the Unit Trust is delisted from the ASX.

As these enquiries are continuing, the Board has determined to delay convening a meeting of Unitholders to seek approval for the proposed delisting at this time. The Board expects to be in a position to announce further information about the proposed delisting in April 2019.

Directors' report

Events subsequent to balance date

There have been no other matters or circumstances which have arisen between 31 December 2018 and the date of this report that have 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 future financial years.

Auditor's independence declaration

Our auditors have provided the Board of Directors with a signed Independence Declaration in accordance with section 307C of the Corporations Act 2001. This declaration is included at page 15 of this financial report.

Rounding of amounts to the nearest thousand dollars

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000), unless otherwise indicated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

This report is made on 27 February 2019 in accordance with a resolution of the Directors.



J Spark
Chairman



DC Grant
Director

Melbourne

Statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2018

	Note	December 2018 \$'000	December 2017 \$'000
Investment income			
Net fair value gain on revaluation of loan to MG Sub Trust	3	8,676	43,520
Distribution income	3	-	-
		8,676	43,520
Finance expense			
Net change in fair value of liability to Unitholders	4	(8,676)	(43,520)
Distributions to Unitholders	4	-	-
Profit/(Loss) before income tax		-	-
Income tax expense		-	-
Profit/(Loss) for the period		-	-
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the period		-	-

The accompanying notes form an integral part of these financial statements.

Statement of financial position

as at 31 December 2018

	Note	December 2018 \$'000	June 2018 \$'000
Assets			
Financial assets held at fair value through profit or loss – loan to MG Sub Trust	5	60,734	52,058
Total assets		60,734	52,058
Total liabilities (excluding net assets attributable to Unitholders)		-	-
Net assets attributable to Unitholders - liability		60,734	52,058

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

for the half-year ended 31 December 2018

	Equity attributable to Unitholders \$'000
Balance as at 1 July 2017	-
Profit/(Loss) for the period	-
Other comprehensive income for the period	-
Balance as at 31 December 2017	-
Balance as at 1 July 2018	-
Profit/(Loss) for the period	-
Other comprehensive income for the period	-
Balance as at 31 December 2018	-

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

for the half-year ended 31 December 2018

	Note	December 2018 \$'000	December 2017 \$'000
Cash flow from operating activities			
Net cash used in operating activities		-	-
Cash flow from investing activities			
Net cash used in investing activities		-	-
Cash flow from financing activities			
Net cash provided by financing activities		-	-
Net decrease in cash held		-	-
Cash at beginning of the half-year		-	-
Cash at end of financial year		-	-

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

for the half-year ended 31 December 2018

Note 1: Significant accounting policies and corporate information

1.1 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 Securities Exchange (ASX). The responsible entity of the Unit Trust is MG Responsible Entity Limited (Responsible Entity), a wholly owned subsidiary of Murray Goulburn. The composition of the Board of the Responsible Entity is the same for 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, carried 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.

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

1.2 Basis of preparation

These interim financial statements for the Unit Trust for the half-year ended 31 December 2018 were authorised for issue by the Directors of the Responsible Entity on 27 February 2019. The Directors have the power to amend and reissue the interim financial report. The Annual Report of the Unit Trust as at and for the year ended 30 June 2018 is available at www.mgcl.com.au.

This interim financial report:

- has been prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*;
- does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2018 annual financial report of the Unit Trust and any public announcements made by the Unit Trust during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001;
- has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets;
- is presented in Australian dollars with values rounded to the nearest thousand dollars (\$000), unless otherwise indicated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- presents reclassified comparative information where required for consistency with current period presentation;
- adopts those accounting policies adopted by the Unit Trust's ultimate parent entity (Murray Goulburn) which are relevant to the Unit Trust's operations. The parent's accounting policies are set out in Murray Goulburn's financial report which is available at www.mgcl.com.au;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Unit Trust and effective for reporting periods beginning on or after 1 July 2018. The adoption of these Standards and Interpretations has not resulted in any changes to the Unit Trust's accounting policies and has no material effect on the amounts reported for the current or prior half-years; and
- has applied the Group accounting policies consistently to all periods presented.

1.3 Going concern

These interim financial statements are prepared on a basis consistent with the 30 June 2018 financial statements. On 1 May 2018, the sale of the Unit Trust's parent's (Murray Goulburn'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 Murray Goulburn's debt obligations, to fund the ongoing operating costs of the Group, to fund any potential obligations arising from the Retained Litigation, to return capital (if any) to Shareholders and Unitholders, and to wind up the Group companies.

As at 31 December 2018, the Group has limited operations with a reduced Board and has retained staff only to manage Retained Litigation and meet the Group's corporate and financial reporting obligation. 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.

Notes to the Financial Statements

for the half-year ended 31 December 2018

1.3 Going concern (Cont'd)

As at the date of approval of these interim financial statements, the Directors of the Responsible Entity are of the view that the Unit Trust can and will be able to pay its 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.

1.4 New and revised accounting standards

These interim financial statements adopt all new and amended Accounting Standards and Interpretations issued by the AASB to the extent they are relevant to the Unit Trust and effective for reporting periods beginning on or after 1 July 2018:

There are two new accounting standards that became effective 1 July 2018 – AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*.

AASB 9 *Financial Instruments*

The Unit Trust early adopted AASB 9 in the prior period, 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 and has not had any impact on the financial statements of the Unit Trust.

1.5 Critical accounting estimates and judgements

Retained Litigation

Certain litigation liabilities associated with the Webster and Endeavour River 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 the Group's operating assets and liabilities to Saputo. These are referred to as 'Retained Litigation'. The MG Unit Trust has exposure to the Retained Litigation to the extent they result in liabilities.

As stated in Note 7 Contingent matters, assessing the status of these matters requires significant judgement and the Group has concluded that the amount of any possible obligation cannot be measured with sufficient reliability and thus these matters have been disclosed as contingent liabilities.

Notes to the Financial Statements

for the half-year ended 31 December 2018

Note 2: Earnings per unit

	December 2018 \$'000	December 2017 \$'000
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)	216,907	204,823

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.

Note 3: Investment income

	December 2018 \$'000	December 2017 \$'000
Net fair value gain on revaluation of loan to MG Sub Trust	8,676	43,520
Distribution income	-	-
Total investment income	8,676	43,520

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

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

Note 4: Finance expense

	December 2018 \$'000	December 2017 \$'000
Net change in fair value of liability to Unitholders	(8,676)	(43,520)
Distribution expense	-	-
Total finance expense	(8,676)	(43,520)

Net change in fair value of liability to Unitholders

Amounts owed to Unitholders are recorded at fair value through profit or loss. An unrealised loss was recognised when the amount was fair valued as at balance date.

Note 5: Financial assets

	December 2018 \$'000	June 2018 \$'000
Financial asset held at fair value through profit or loss – loan to MG Sub Trust	60,734	52,058

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

Note 6: Fair value measurement of financial instruments

AASB 13 requires disclosure of the fair value measurement 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 are not based on observable market data (Level 3)

Notes to the Financial Statements

for the half-year ended 31 December 2018

Note 6: Fair value measurement of financial instruments (Cont'd)

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 December 2018				
Assets				
Financial asset at fair value through profit or loss – loan to MG Sub Trust	-	60,734	-	60,734
Liabilities				
Financial liability at fair value through profit or loss - amounts due to Unitholders	-	60,734	-	60,734
At 30 June 2018				
Assets				
Financial asset at fair value through profit or loss – loan to MG Sub Trust	-	52,058	-	52,058
Liabilities				
Financial liability at fair value through profit or loss - amounts due to Unitholders	-	52,058	-	52,058

There were no transfers between Levels 1, 2 and 3 during the period.

The fair value of the loan receivable represents the cash flows that the Unit Trust expects to receive in principle and dividend streams from the MG Sub Trust. The fair value that has been used is the value of the Unit Trust quoted on the ASX at balance date. 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.

Note 7: Contingent matters

7.1 Contingent liabilities

7.1.1 ACCC Proceeding

On 28 April 2017, the ACCC commenced legal proceedings against Murray Goulburn and two former officers in the Federal Court in relation to potential breaches of the Competition and Consumer Act 2010 (Cth).

In December 2018, the Federal Court of Australia approved the settlement of the terms sought by the ACCC, Murray Goulburn and former managing director Mr Gary Helou, and imposed a pecuniary penalty of \$200,000 on Mr Helou. The ACCC did not seek a pecuniary penalty against Murray Goulburn.

The Court also made costs orders in relation to the proceeding. Murray Goulburn has contributed \$200,000 to the ACCC's costs of the proceeding, and Mr Helou has contributed \$50,000 to the ACCC's costs of the proceeding.

7.1.2 First unit holder 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 Webster 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 is ongoing and a trial date has been set for February 2020 with an estimated trial time of four weeks.

As stated in Note 1.5 Critical accounting estimates and judgements, the Group has concluded that the amount of any possible obligation cannot be measured with sufficient reliability.

Notes to the Financial Statements

for the half-year ended 31 December 2018

Note 7: Contingent matters (Cont'd)

7.1.3 Second unit holder class action – Endeavour River

On 20 August 2018, a second unitholder class action proceeding was commenced against Murray Goulburn and the Responsible Entity. The allegations in the Endeavour River class action, whilst pleaded differently to the Webster class action, also arise from substantially the same series of events.

The management of the Endeavour River class action has been synchronised with the Webster class action, including that the trial date for the Endeavour River class action has also been scheduled for February 2020 with an estimated trial time of four weeks.

As stated in Note 1.5 Critical accounting estimates and judgements, the Group has concluded that the amount of any possible obligation cannot be measured with sufficient reliability.

7.2 Future insurance costs

As disclosed in Note 1.3 Going concern, at the conclusion of the Retained Litigation it is anticipated that the Group will be wound up. In accordance with normal business practices, the insurance policies of the Group will be placed into run off at this time. Insurance premiums arising from these policies represent a future expense of the Group. The Group expects the cost of commencing the run off insurance policies to be material however is not presently able to quantify the amount.

7.3 Contingent assets

Insurance recoveries of legal costs

The Group has expensed all legal costs incurred in respect of the Retained Litigation in the Consolidated Statement of Profit or Loss. The Group expects to recover an additional portion of these from insurers. The value of insurance recoveries is not quantified as it remains uncertain. Given the uncertainty, insurance recoveries are recorded in the profit or loss when received. Insurance recoveries amounting to \$958,471, net of GST, were received since balance date and up to the date the financial statements were authorised for issue by Directors.

Note 8: Subsequent events

There have been no matters or circumstances which have arisen subsequent to 31 December 2018 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 half-year ended 31 December 2018.

Directors' Declaration

The Directors of MG Responsible Entity Limited declare that, in the opinion of the Directors:

- (a) the financial statements and notes for the half-year ended 31 December 2018 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of MG Unit Trust as at 31 December 2018 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) notwithstanding that the financial statements are not prepared on a going concern basis, there are reasonable grounds to believe that the MG Unit Trust 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.



J Spark
Chairman of Parent



DC Grant
Director of Parent

Melbourne
27 February 2019



Auditor's Independence Declaration

As lead auditor for the review of MG Unit Trust for the half-year ended 31 December 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Lisa Harker
Partner
PricewaterhouseCoopers

Melbourne
27 February 2019



Independent auditor's review report to the unitholders of MG Unit Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MG Unit Trust (the Registered Scheme), which comprises the statement of financial position as at 31 December 2018, the statement of changes in equity, statement of cash flows and statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Responsible Entity of the Registered Scheme are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of MG Unit Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MG Unit Trust is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - Going concern no longer appropriate

We draw attention to Note 1.3: *Significant accounting policies and corporate information, Going Concern* in the financial report, which indicates that at the conclusion of Retained Litigation it is anticipated that the Registered Scheme will be wound up and therefore the financial report is not prepared on a going concern basis. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers

PricewaterhouseCoopers

Lisa Harker

Lisa Harker
Partner

Melbourne
27 February 2019