



Murray Goulburn Co-operative Co. Limited
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ASX Announcement

27 February 2019

Murray Goulburn releases FY19 Half Year Financial Report

Murray Goulburn Co-operative Co. Limited (**MG**) today released its financial report for the half year ended 31 December 2018 (FY19).

Consolidated financial information (\$million)	31 Dec '18	31 Dec '17
Revenue from continuing operations	3.6	-
Loss from continuing operations	(0.8)	(5.9)
Loss from discontinued operations	(16.8)	(21.6)
Loss for the period	(17.6)	(27.5)

Financial overview

The Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Cash Flows distinguish between, and show separately, discontinued and continuing operations for the six months ended 31 December 2018.

Discontinued operations primarily relate to the finalisation of working capital following the sale of MG's operating assets and operating liabilities to Saputo Dairy Australia Pty Ltd on 1 May 2018 (Asset Sale).

Dividends/distributions

No dividends have been paid or declared by MG since the suspension of dividend payments announced on 2 May 2017. The Dividend/Distribution Reinvestment Plan was terminated on 1 May 2018.

Status of Retained Litigation

ACCC proceeding

On 28 April 2017, the ACCC commenced legal proceedings against MG and two former officers of MG 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 terms sought by the ACCC, MG and the 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 MG.

The Court also made cost orders in relation to the proceeding. MG 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.

First unitholder class action – Webster

On 17 May 2016, a class action proceeding was commenced against MG, MG Responsible Entity Limited (**MGRE**) 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 MGRE 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. MG and MGRE 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. The Federal Court has also made orders that the parties in the Webster class action and the Endeavour River class action attend a joint mediation on 30 May 2019.

Second unitholder class action – Endeavour River

On 20 August 2018, a second unitholder class action proceeding was commenced against MG and MGRE. The allegations in the Endeavour River class action, whilst pleaded differently to the Webster class action, also rise 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 above, the Federal Court has also made orders that the parties in the Webster class action and the Endeavour River class action attend a joint mediation on 30 May 2019.

Further capital returns

As stated in the Explanatory Memorandum at the time of the Asset Sale, MG intends to make Subsequent Distributions of the balance of the Asset Sale proceeds (if any) following the conclusion of the Retained Litigation, or earlier, if deemed appropriate by the Board.

The Board does not consider it appropriate at this point to make a further distribution. This will be assessed by the Board on a periodic basis.

Proposal to delist the MG Unit Trust

Further to MG's ASX announcement on 17 December 2018 regarding the proposed delisting of the MG Unit Trust from the ASX, MG 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 MG is eventually wound up (following the conclusion of the Retained Litigation). As part of these enquiries, MG is seeking clarity with respect to the potential cost savings for ongoing insurance premiums if the MG Unit Trust is delisted from the ASX.

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

The delisting proposal remains subject to Unitholder approval and consultation with ASX.

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About the MG Unit Trust

The MG Unit Trust (ASX:MGC) is a special purpose funding vehicle which provides its unitholders with an economic exposure to the business of Murray Goulburn Co-operative Co. Limited (Murray Goulburn). The Responsible Entity of the MG Unit Trust is MG Responsible Entity Limited, a wholly-owned subsidiary of Murray Goulburn.