



Murray Goulburn Co-operative Co. Limited
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ASX Announcement

20 August 2019

Murray Goulburn releases Full Year Results for 2019

Murray Goulburn Co-operative Co. Limited (**MG**) today released financial results for the full year ended 30 June 2019 (FY19).

Consolidated financial information (\$million)	FY19	FY18
Revenue from continuing operations	6.9	1.6
Loss from continuing operations	(7.4)	(9.2)
Loss from discontinued operations	(17.0)	(36.7)
Loss for the year	(24.4)	(45.9)
Net Assets	264,518	288,916
Shares & Units on issue	554,665,638	554,665,638

Financial overview

The Financial Results for the financial year ended 30 June 2019 distinguish between, and show separately, the results for discontinued and continuing operations.

The results for continuing operations during the financial year include a charge for \$8.2million in respect of retained litigation settlement expense net of insurance recoveries. MG intends to recover this \$8.2million from an insurer third party. The impact on the cash per share/unit in respect of this charge will be reflected in the next quarterly report for cash balances as at 30 September 2019, which will be released on or about 15 October 2019.

The results for discontinued operations during the financial year primarily relate to the finalisation of the working capital sold in the prior year to Saputo Dairy Australia as part of MG's sale of all operating assets and operating liabilities (**Asset Sale**).

Dividends/distributions

No dividends / distributions have been paid or declared by MG since the initial distribution of \$0.80 per share/unit in the prior year in May 2018.

Status of Retained Litigation

First unitholder class action

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 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 unitholder class action 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

On 20 August 2018, a second unitholder class action proceeding was commenced against MG and MGRE. The allegations in this class action, whilst pleaded differently to the first class action, also arose from substantially the same series of events.

On 24 June 2019, MG and MGRE agreed with the plaintiff to settle the second unitholder class action. The settlement, which is without admission of liability, is subject to Federal Court approval. The Federal Court has allocated 16 October 2019 to hear the application for approval of the settlement.

The settlement amount is \$42 million inclusive of interest and costs, approximately 80% of which is funded by insurance. MG is contributing the remaining portion of the settlement amount and intends to recover this amount from an insurer third party.

The Boards of MG and MGRE determined that the agreement to settle the class action was a commercial decision made in the best interests of Shareholders in MG and Unitholders in the MG Unit Trust (of which MGRE is the Responsible Entity).

ACCC proceeding

As announced on 9 November 2018, MG and its former managing director Mr Gary Helou agreed a settlement in principle with the Australian Competition and Consumer Commission (**ACCC**) in relation to the ACCC proceeding. The settlement was approved by the Federal Court on 6 December 2018, bringing an end to the proceeding.

The Federal Court made declarations of contravention of the Australian Consumer Law in the period 29 February 2016 to 27 April 2016 in relation to representations regarding the FY16 farm gate milk price. The ACCC did not seek a pecuniary penalty against MG. The Court made orders that MG contribute \$200,000 to the ACCC's costs of the proceeding.

Further Capital Returns

As stated at the time of the Asset Sale, after the conclusion of the Retained Litigation it is anticipated that the Group will be wound up and a distribution of the balance of the funds (if any) will be made to Shareholders and Unitholders.

The certainty and amount of another interim or a final distribution is not clear due to the existing status of the Retained Litigation.

The Board of MG does not consider it appropriate at this point to make a further distribution but this will be reassessed by the Board on a periodic basis.

– ENDS –

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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.