



3 September 2019

Market Announcements Office  
Australian Securities Exchange

**ELECTRONIC LODGEMENT**

Dear Sir or Madam

**MG Unit Trust – Annual Report 2019**

In accordance with the Listing Rules, attached is a copy of the MG Unit Trust Annual Report 2019, for release to the market.

Further, given that unitholders have an economic exposure to Murray Goulburn Co-operative Co. Limited (Murray Goulburn), the Murray Goulburn Annual Report 2019 will be released to the market.

A handwritten signature in black ink, appearing to read 'Joseph Phillipos', with a stylized flourish at the end.

**Joseph Phillipos**  
Company Secretary



# MG Unit Trust

## Annual Report 2019

Financial Statements and Reports for the year ended 30 June 2019

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# 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 year ended 30 June 2019.

## 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 end of the 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 Secretaries

Joseph Phillipos FCA (India), CGMA (London), CPA, GDipTax University of Melbourne, CTA, was appointed as Company Secretary of the Responsible Entity on 25 July 2019.

Richa Puri LLB/BCom (Hons), Grad Dip Applied Corporate Governance (FGIA), (FCIS), resigned as Company Secretary of the Responsible Entity on 25 July 2019.

## 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 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 year.

There has been no change in the nature of these activities during the 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, Endeavour River, was commenced. This proceeding falls within the meaning of 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 year have been the finalisation and settlement of the Saputo transaction price, the management of funds retained from the Saputo transaction, the management of Retained Litigation and meeting the Group's corporate and reporting obligations. See below under the section titled 'Status of the Retained Litigation' for developments during the financial year.

## Review of operations

The Unit Trust reported nil profit after income tax for the year ended 30 June 2019 (2018: nil). The value of the Unit Trust assets as at 30 June 2019 of \$78.1 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 year ended 30 June 2019. That financial report is available on the Murray Goulburn website ([www.mgcl.com.au](http://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 year.

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

# Directors' Report continued

## Future developments

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 Murray Goulburn 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.

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

During the financial year, the Group finalised the Saputo transaction price, a portion of which had remained contingent as at 30 June 2018. In addition, the ACCC proceeding concluded and a second unitholder class action, Endeavour River, commenced and was settled, subject to Federal Court approval, as detailed in 'Status of the Retained Litigation'.

Other than the above, there was no significant change in the state of affairs of the Unit Trust during the financial year

## Status of the Retained Litigation

### First unitholder class action – Webster

On 17 May 2016, a class action proceeding was commenced against Murray Goulburn, MG Responsible Entity Limited (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 arose from substantially the same series of events.

On 24 June 2019, Murray Goulburn and the Responsible Entity agreed with the plaintiff to settle the Endeavour River class action. The settlement of the Endeavour River class action, 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. Murray Goulburn is contributing the remaining portion of the settlement amount and intends to recover this amount from an insurer third party.

The Boards of Murray Goulburn and the Responsible Entity determined that the agreement to settle the Endeavour River class action was a commercial decision made in the best interests of Shareholders in Murray Goulburn and Unitholders in the MG Unit Trust.

### ACCC proceeding

As announced on 9 November 2018, Murray Goulburn and former managing director Mr Gary Helou agreed a settlement in principle with the Australian Competition and Consumer Commission 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 farmgate milk price. The ACCC did not seek a pecuniary penalty against Murray Goulburn. The Court made orders that Murray Goulburn contribute \$200,000 to the ACCC's costs of the proceeding.

### Events subsequent to balance date

On 6 August 2019, a payment was made to fund a portion of the Endeavour River settlement as noted in Note 12.1.2. Except for the above, no matters or circumstances have arisen between the end of the financial year 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.

## Key Risks

Given its structure and the arrangements in place with Murray Goulburn, 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 associated with 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's business and operations 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 performance and operations 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 the business of 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.
- 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 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 the Responsible Entity of the Unit Trust) 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.

## 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 (2018, \$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 10 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 7 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 1.4 to the financial statements.

# Directors' Report continued

## Directors' interests in the Unit Trust

Holdings of Directors of the Responsible Entity:

	Balance at 1 Jul 2018	Increases during the year	Balance at date of this report
<b>Director</b>			
J Spark (Chairman of Parent)	–	–	–
LM Dwyer	193,758	–	193,758
I Goodin	–	–	–
DC Grant	–	–	–
BA Williams	476	–	476

## 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 16 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 20 August 2019 in accordance with a resolution of the Directors.



**J Spark**  
Chairman  
Melbourne



**DC Grant**  
Director

# Statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

	Note	June 2019 \$'000	June 2018 \$'000
<b>Investment income</b>			
Net fair value gain (loss) on revaluation of loan to MG Sub Trust	3	26,029	(86,079)
Distribution income	3	–	168,215
		<b>26,029</b>	<b>82,136</b>
<b>Finance expense</b>			
Net change in fair value of liability to Unitholders	4	(26,029)	86,079
Distributions to Unitholders	4	–	(168,215)
		<b>(26,029)</b>	<b>(82,136)</b>
<b>Profit/(Loss) before income tax</b>		<b>–</b>	<b>–</b>
Income tax expense		–	–
<b>Profit/(Loss) for the year</b>		<b>–</b>	<b>–</b>
<b>Other comprehensive income</b>			
Other comprehensive income		–	–
<b>Total comprehensive income for the year</b>		<b>–</b>	<b>–</b>

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

# Statement of financial position

as at 30 June 2019

	Note	June 2019 \$'000	June 2018 \$'000
<b>Assets</b>			
Financial assets held at fair value through profit or loss – loan to MG Sub Trust	5	78,087	52,058
<b>Total assets</b>		<b>78,087</b>	<b>52,058</b>
<b>Total liabilities (excluding net assets attributable to Unitholders)</b>		<b>–</b>	<b>–</b>
<b>Net assets attributable to Unitholders – liability</b>		<b>78,087</b>	<b>52,058</b>

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

# Statement of changes in equity

for the year ended 30 June 2019

	Equity attributable to Unitholders \$'000
<b>Balance as at 1 July 2017</b>	–
Profit/(Loss) for the year	–
Other comprehensive income for the year	–
<b>Balance as at 30 June 2018</b>	–
<b>Balance as at 1 July 2018</b>	–
Profit/(Loss) for the year	–
Other comprehensive income for the year	–
<b>Balance as at 30 June 2019</b>	–

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

# Statement of cash flows

for the year ended 30 June 2019

	Note	June 2019 \$'000	June 2018 \$'000
<b>Cash flow from operating activities</b>			
Net cash used in operating activities		–	–
<b>Cash flow from investing activities</b>			
Net cash used in investing activities		–	–
<b>Cash flow from financing activities</b>			
Net cash provided by financing activities		–	–
<b>Net decrease in cash held</b>		–	–
Cash at beginning of year		–	–
<b>Cash at end of year</b>		–	–

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 an integral part of these financial statements.



# Notes to the Financial Statements

for the financial year ended 30 June 2019

## 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. 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.

### 1.2 Basis of preparation

The Unit Trust is a for-profit unit trust for the purposes of preparing these general purpose financial statements and is domiciled in Australia. The financial statements for the Unit Trust for the year ended 30 June 2019 were authorised for issue by the Directors of the Responsible Entity on 20 August 2019. The Directors have the power to amend and reissue the financial report. The Annual Report of the Unit Trust as at and for the year ended 30 June 2019 is available at [www.mgcl.com.au](http://www.mgcl.com.au).

The financial statements:

- have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations issued by the Australian Accounting Standards Board (AASB), and the Corporations Act 2001;
- are 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;
- are 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;
- present reclassified comparative information where required for consistency with current period presentation;
- adopt the 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](http://www.mgcl.com.au);
- adopt 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 years; and
- have applied the Group accounting policies consistently to all periods presented.

# Notes to the Financial Statements continued

for the financial year ended 30 June 2019

## 1.3 Non-Going concern basis of preparation

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 30 June 2019, 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 obligations. 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.

As at the date of approval of these 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 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.

## 1.5 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 (CPS) 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 distributions nor redemptions 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.

## 1.6 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.

## 1.7 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.

## 1.8 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-maker monitors the operating results of the Unit Trust on an overall basis, therefore the Unit Trust is a single-segment entity.

## 1.9 New and revised accounting standards

The Unit Trust has adopted all new and revised Accounting Standards and Interpretations issued by the AASB to the extent they are relevant to its operations and are effective for the current reporting period. The adoption of these standards and interpretations did not result in a material change on the reported results and position or disclosures of the Unit Trust as they did not result in any changes to the Unit Trust's existing accounting policies.

### New and revised standards adopted by the Unit Trust

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. There was no impact on the Unit Trust's financial statements upon adoption.

### New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Unit Trust. The Unit Trust's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 replaces the current dual operating/finance lease accounting model for lessees under AASB 117 Leases and the guidance contained in Interpretation 4 Determining whether an Arrangement contains a Lease. The new standard introduces a single, on-balance sheet accounting model, similar to the current finance lease accounting. The standard becomes applicable from 1 July 2019 for the financial year ending 30 June 2020. The Unit Trust expects to apply an accounting policy election under the standard that provides exemption for short term leases under one year in duration. As the Unit Trust has no leases that are in excess of twelve months there is no material impact expected in relation to AASB 16.

### Standards not yet effective

There are no other standards that are not yet effective and that would be expected to have a material impact on the Unit Trust in the current or future reporting periods and on foreseeable future transactions.

## 1.10 Critical accounting estimates and judgements

### Retained Litigation

Certain litigation liabilities associated with the ACCC proceeding, 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 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 12 Contingent liabilities, assessing the status of these matters, including insurance recoveries, requires significant judgement and the Group has concluded that the amount of any obligation for the Webster proceeding cannot be measured with sufficient reliability and thus this matter has been disclosed as a contingent liability.

# Notes to the Financial Statements continued

for the financial year ended 30 June 2019

## Note 2: Earnings per unit

	June 2019 \$'000	June 2018 \$'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	206,835

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

	June 2019 \$'000	June 2018 \$'000
Net fair value gain (loss) on revaluation of loan to MG Sub Trust	26,029	(86,079)
Distribution income	–	168,215
Total investment income	26,029	82,136

### 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 (2018: unrealised loss) was recognised when the amount receivable was fair valued as at balance date.

## Note 4: Finance expense

	June 2019 \$'000	June 2018 \$'000
Net change in fair value of liability to Unitholders	(26,029)	86,079
Distribution expense	–	(168,215)
Total finance expense	(26,029)	(82,136)

### 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 (2018: unrealised gain) was recognised when the amount was fair valued as at balance date.

## Note 5: Financial assets

	June 2019 \$'000	June 2018 \$'000
Financial asset held at fair value through profit or loss – loan to MG Sub Trust	78,087	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 Fair Value Measurement, requires disclosure about fair value measurements by level according to 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)

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 30 June 2019</b>				
Assets				
Financial asset at fair value through profit or loss				
– loan to MG Sub Trust	–	78,087	–	78,087
Liabilities				
Financial liability at fair value through profit or loss				
– amounts due to Unitholders	–	78,087	–	78,087
<b>At 30 June 2018</b>				
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 year.

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: Net assets attributable to unitholders

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

	2019 Number	2019 \$'000	2018 Number	2018 \$'000
Opening balance	216,907,272	52,058	205,140,400	132,316
Number of units issued	–	–	18,328,180	11,254
Number of units redeemed	–	–	(6,561,308)	(5,433)
Increase (Decrease) in net assets attributable to unitholders	–	26,029	–	(86,079)
Closing balance	216,907,272	78,087	216,907,272	52,058

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

# Notes to the Financial Statements continued

for the financial year ended 30 June 2019

## Note 8: Distributions to unitholders

There were no distributions paid or payable to unitholders for the year ended 30 June 2019.

	June 2018 \$'000	June 2018 CPU
Distributions paid		
Distribution to unitholders following completion of the Saputo transaction	168,215	80.00
Distribution payable	–	–
	168,215	

## Note 9: Financial risk management

The Unit Trust is a special purpose, passive funding vehicle holding only an interest in subordinated Notes and Convertible Preference Shares (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.

## Note 10: 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):

	June 2019 \$	June 2018 \$
PricewaterhouseCoopers Australian firm		
<i>Audit and other assurance services</i>		
– Audit and review of financial statements	40,000	50,000
– Audit of compliance plan	40,000	40,000
Total remuneration for audit and other assurance services	80,000	90,000



## **Note 11: 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) 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.

There were no applications for or redemptions of units with key management personnel during the year (2018: Nil)

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.

### **(d) 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.

In previous financial periods and up until the Shareholder Trading Platform was discontinued, during the 2018 financial period, units in the Unit Trust were 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 were transferred to the relevant investors. All transactions were 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) were also involved in the rebalancing process, as described in the PDS, and therefore various transactions were processed through those entities.

### **(e) Related party investments**

As at 30 June 2019, the Trust held no investments in the Responsible Entity, or any other related entities.

## **Note 12: Contingent matters**

### **12.1 Contingent liabilities**

#### **12.1.1 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 1.10 Critical accounting estimates and judgements, the Group has concluded that the amount of any obligation cannot be measured with sufficient reliability.

#### **12.1.2 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 arose from substantially the same series of events.

On 24 June 2019, Murray Goulburn and the Responsible Entity agreed with the plaintiff to settle the Endeavour River class action. The settlement of the Endeavour River class action, 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.

# Notes to the Financial Statements continued

for the financial year ended 30 June 2019

## Note 12: Contingent matters continued

### 12.1.2 Second unit holder class action – Endeavour River

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

The Boards of Murray Goulburn and the Responsible Entity determined that the agreement to settle the Endeavour River class action was a commercial decision made in the best interests of Shareholders in Murray Goulburn and Unitholders in the MG Unit Trust.

### Financial impact of Endeavour River class action settlement

The following disclosures within the Murray Goulburn financial statements are applicable to the Endeavour River class action settlement as at 30 June 2019:

	June 2019 \$'000
Retained litigation settlement payable	42,000
Insurance recoverable in relation to Endeavour River settlement	33,759
Retained litigation settlement expense, net <sup>(i)</sup>	8,241

(i) The net amount represents the Murray Goulburn funded portion of the Endeavour River settlement.

### 12.2 Future insurance costs

As disclosed in Note 1.3 Non-Going concern basis of preparation, 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.

### 12.3 Contingent assets

#### 12.3.1 Insurance recoveries of ongoing 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 legal costs 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. No insurance recoveries were received since balance date and up to the date the financial statements were authorised for issue by Directors.

#### 12.3.2 Insurance recoverable in relation to Endeavour River settlement

As noted above, in Note 12.1.2, Murray Goulburn intends to recover the Murray Goulburn funded portion of the Endeavour River settlement from an insurer third party.

## Note 13: Events subsequent to balance date

On 6 August 2019, a payment was made to fund a portion of the Endeavour River settlement as noted in Note 12.1.2. Except for the above, no matters or circumstances have arisen between the end of the financial year 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.



## 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 year ended 30 June 2019 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 30 June 2019 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards 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  
Melbourne  
20 August 2019



**DC Grant**  
Director of Parent

# Auditor's Independence Declaration



## *Auditor's Independence Declaration*

As lead auditor for the audit of MG Unit Trust for the year ended 30 June 2019, 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  
20 August 2019

**PricewaterhouseCoopers, ABN 52 780 433 757**  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001  
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# Independent Auditor's Report to the Unitholders of MG Unit Trust



## *Independent auditor's report*

To the unitholders of MG Unit Trust

### *Report on the audit of the financial report*

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#### *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 2019 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 2019
- the statement of profit or loss and other comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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#### *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.

---

#### *Emphasis of matter - going concern no longer appropriate*

We draw attention to Note 1.3: *Significant accounting policies and corporate information, Non-going concern basis of preparation* in the financial report, which discusses the directors of MG Responsible Entity Limited's (Responsible Entity of MG Unit Trust) intention to wind up the business upon the

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# Independent Auditor's Report to the Unitholders of MG Unit Trust

continued



conclusion of the Retained Litigation. As a result, the financial report has been prepared on an orderly realisation of assets and liabilities basis 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 structure of the Registered Scheme and its accounting processes and controls.



### **Materiality**

- For the purpose of our audit we used overall materiality of \$780,000, 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 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

##### Fair value measurement of financial instruments

Refer to note 1 *Significant accounting policies and corporate information*, note 5 *Financial assets*, note 6 *Fair value measurement of financial instruments* and note 7 *Net assets attributable to unitholders*.

MG Unit Trust recognised a financial asset of \$78.1 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.

MG Unit Trust also holds a financial liability of \$78.1 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.

Because of the financial significance of the fair value of the financial asset and liability to MG Unit Trust, we determined this to be a key audit matter.

Our audit procedures related to the fair value measurement of financial instruments included the following, amongst others:

- Recalculating the fair value of the financial asset, using the MG Unit Trust closing unit price per the Australian Securities Exchange as at 30 June 2019 multiplied by the total units outstanding and checked it was consistent with the recorded financial asset;
- Checking that the value of the financial liability was equal to and offset the financial asset;
- Ensuring that the income and expense amounts represented the fair value movements arising from the revaluation of the asset and liability; and
- Evaluating the adequacy of the disclosures and the appropriateness of the accounting policies applied in light of the requirements of Australian Accounting Standards.

# Independent Auditor's Report to the Unitholders of MG Unit Trust

continued



## Key audit matter

## How our audit addressed the key audit matter

### Retained litigation

Refer to note 12, *Contingent matters*.

Certain litigation liabilities, including unitholder class actions, were excluded from the sale of Murray Goulburn Co-operative Co. Limited's (MGC) operating assets and liabilities to Saputo Dairy Australia Pty Ltd on 1 May 2018 (Retained Litigation). MG Unit Trust has exposure to these matters to the extent they impact the equity of MGC.

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

On 24 June 2019, MGC and MG Responsible Entity Limited agreed with the plaintiff to settle the Endeavour River class action. The settlement of \$42.0 million, of which approximately 80% is funded by insurance, is without admission of liability and subject to Federal Court approval.

Given the significant level of judgement in evaluating these matters, we determined this to be a key audit matter.

In evaluating the status of the Retained Litigation matters we:

- 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, read relevant supporting documentation and verified payments made;
- Held discussions with external counsel assisting on the legal matters to corroborate managements' and the directors' representations; and
- Sent and received legal confirmations from the external counsel assisting on the matters.

In assessing the information obtained as a result of these procedures, we evaluated the adequacy of the disclosure included in note 12 of the financial report in light of the requirements of Australian Accounting Standards.

### Other information

The directors of the Responsible Entity of the Registered Scheme are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report. 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 we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information 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 on the other information that we obtained prior to the date of this auditor's report, 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, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Responsible Entity 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 the Responsible Entity of the Registered Scheme are responsible for the preparation of the 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 determines 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 of the Responsible Entity 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 of the Responsible Entity either intends 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](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Lisa Harker*

Lisa Harker  
Partner

Melbourne  
20 August 2019

# Unitholder Information

Set out below is additional information for Unitholders of the MG Unit Trust (the Unit Trust). All information is current as at 22 August 2019 unless stated otherwise.

## Corporate Governance Statement

MG Responsible Entity Limited (Company) is the responsible entity of the Unit Trust and is a wholly-owned subsidiary of Murray Goulburn Co-operative Co. Limited (Murray Goulburn).

The Board of the Company is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board considers that the Unit Trust's governance framework and adherence to that framework are fundamental in demonstrating that the Directors are accountable to Unitholders and are appropriately overseeing the management of risk and the future direction of the Unit Trust.

The Board of the Company has reviewed the Unit Trust's corporate governance practices against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (ASX Recommendations). The Unit Trust's 2019 Corporate Governance Statement sets out how the Unit Trust has complied with the ASX Recommendations as they apply to externally managed listed trusts for the period ended 30 June 2019.

The Unit Trust's Corporate Governance Statement is available on Murray Goulburn's website at [www.mgcl.com.au/corporate-governance](http://www.mgcl.com.au/corporate-governance).

## Securities

The classes of securities on issue in respect of the Unit Trust, and the number of holders of each class are as follows:

Class	No. of Securities	No. of Holders
Ordinary fully paid units (Units)	216,907,272	5,631
MG Unit	1	1
Non-participating Units	328,491,309	1

The MG Unit and Non-participating Units are unquoted securities. In accordance with the Unit Trust Constitution, the MG Unit is held by Murray Goulburn and all Non-participating Units are held by MG Market Facilitator Pty Ltd.

## Voting rights

Units – Holders have the right to vote at general meetings of the Unit Trust, however holders have no right to vote at any general meeting of Murray Goulburn.

MG Unit – The holder has the same rights as the holders of Units, together with the following additional rights:

- to require that the Unit Trust invests only in Notes and Convertible Preference Shares (or other agreed securities consistent with the Trust continuing to be a special purpose funding vehicle that provides Unitholders with an economic exposure to Murray Goulburn); and
- to require that the responsible entity of the Unit Trust only issues Units and Non-participating Units and not another MG Unit.

Non-participating Units – Holders have no rights or obligations other than the right of conversion of a Non-participating Unit into a Unit in accordance with the terms of the Unit Trust Constitution.

## Distribution schedule of holders of Units

Range	No. of Units	% of Issued Capital	No. of Holders	% of Holders
1–1,000	1,048,572	0.48	1,998	35.48
1,001–5,000	5,031,179	2.32	1,762	31.29
5,001–10,000	5,904,401	2.73	756	13.43
10,001–100,000	27,891,247	12.88	997	17.71
100,001 and over	177,031,873	81.59	118	2.09
<b>Total</b>	<b>216,907,272</b>	<b>100.00</b>	<b>5,631</b>	<b>100.00</b>

The number of Unitholders holding less than a marketable parcel (\$500) of Units, based on the closing market price at 22 August 2019 of \$0.39 per Unit, is 2,140.



## 20 largest holders of Units\*

Name	Units Held	% of Issued Capital
1. Perpetual Corporate Trust Ltd <NIT1>	44,360,000	20.45
2. Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	22,517,583	10.38
3. Ayersland Pty Ltd	14,814,378	6.83
4. One Managed Inv't Funds Ltd <1 A/C>	12,000,000	5.53
5. China Resources Ng Fung Limited	11,992,231	5.53
6. JD Com Inc	8,195,002	3.78
7. National Nominees Limited	5,278,182	2.43
8. BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	5,114,690	2.36
9. Citicorp Nominees Pty Limited	5,076,041	2.34
10. Mr Leo Francis Dooley + Mr Peter John Dooley	4,100,000	1.89
11. Ayersland Pty Ltd	3,436,969	1.58
12. Radrob Pty Ltd	2,456,656	1.13
13. Mr Robert Lee Petersen	2,340,000	1.08
14. HSBC Custody Nominees (Australia) Limited	2,187,294	1.01
15. CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	2,092,513	0.96
16. Ayersland Pty Ltd	2,000,000	0.92
17. J P Morgan Nominees Australia Limited	1,580,481	0.73
18. Mr Yuchao Luo	1,100,000	0.51
19. Ms Yimin Chen	1,035,361	0.48
20. Abtourk (Syd No 415) Pty Ltd <Michael John Cole PSF A/C>	1,021,263	0.47
<b>Total</b>	<b>152,698,644</b>	<b>70.40</b>
<b>Balance of Register</b>	<b>64,208,628</b>	<b>29.60</b>
<b>Grand Total</b>	<b>216,907,272</b>	<b>100.00</b>

\* Based on registered holders as shown in the register of unitholders.

## Substantial holders of Units

The following table shows holdings of Units of five per cent or more as notified in accordance with section 671B of the *Corporations Act 2001* (Cth):

Name	Notice Date	Units Held	% of Issued Capital
Nordlys Investments Pty Ltd	2 July 2019	44,644,873	20.58
Ayersland Pty Ltd	22 August 2019	22,592,216	10.42
Mitsubishi UFJ Financial Group, Inc.	9 August 2019	22,524,817	10.38
China Resources Ng Fung Limited	14 July 2016	14,507,657	7.08
Mercantile Investment Company Limited	30 July 2018	11,000,000	5.20

## Current on-market buy-back

There is no current on-market buy-back relevant to Units.

## Restricted securities

The Unit Trust has no restricted securities nor securities subject to voluntary escrow.

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## **Corporate Directory**

### **Responsible Entity**

MG Responsible Entity Limited  
as responsible entity of the MG Unit Trust  
ABN 18 147 028 017  
ARSN 606 103 637  
AFSL 472856

Company Secretary: Joseph Phillipos

Registered office:  
Level 15, Freshwater Place  
2 Southbank Boulevard  
Southbank Victoria 3006

Telephone: +61 (0) 3 9040 5840

Website: [www.mgcl.com.au](http://www.mgcl.com.au)

Email: [company.secretary@mglegacy.mgc.com.au](mailto:company.secretary@mglegacy.mgc.com.au)

### **Unit Registry**

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford Victoria 3067

Telephone: 1300 477 596 (within Australia)

or +61 (0) 3 9415 4293 (international)

Website: [www.investorcentre.com/contact](http://www.investorcentre.com/contact)