



24 August 2016

Market Announcements Office  
Australian Securities Exchange  
Level 4  
North Tower, Rialto  
525 Collins Street  
Melbourne VIC 3000

## **ELECTRONIC LODGEMENT**

Dear Sir or Madam

### **MG Unit Trust – Financial report for period ended 30 June 2016**

In accordance with the Listing Rules, I attach a copy of the Appendix 4E, together with MG Unit Trust's financial statements and reports for the period ended 30 June 2016, for immediate release to the market.

An Appendix 3A.1 containing information regarding the final distribution for the financial period ended 30 June 2016 will also be released in accordance with the Listing Rules.

Further, given that unitholders have an economic exposure to Murray Goulburn Co-operative Co. Limited (Murray Goulburn), the financial statements and reports of Murray Goulburn for the full year ended 30 June 2016 will be released to the market.

A presentation of Murray Goulburn's financial results for the full year ended 30 June 2016 will be held at 11.00am AEST today. A webcast of the presentation will be available at <http://edge.media-server.com/m/p/6vxx5r2b> and an archived version will be available on Murray Goulburn's website [www.mgc.com.au](http://www.mgc.com.au) for viewing after the webcast.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Fiona Smith'.

**Fiona Smith**  
Company Secretary

**APPENDIX 4E Rule 4.3A**

**Preliminary final report**

**MG Unit Trust  
ARSN 606 103 637**

**1. Details of the reporting period**

Reporting Period: 28 May 2015 to 30 June 2016. 28 May 2015 was the date of registration of the MG Unit Trust (Scheme) as a managed investment scheme.

**2. Results for announcement to the market**

			<b>Percentage Change %</b>	<b>Amount A\$'000</b>
2.1	Finance income – net change in fair value of liability to unitholders	Up	100	206,826
2.2	Profit (loss) from ordinary activities after tax attributable to unitholders	-	-	Nil
2.3	Net profit (loss) for the period attributable to unitholders	-	-	Nil

<b>Distributions</b>	<b>Amount per security ¢</b>	<b>Franked amount per security ¢</b>
<b>Current Period</b>		
2.4 Final Distribution	3.91	3.91
2.4 Interim Distribution	3.50	3.50

2.5 Record date for determining entitlements to the final distribution is 6 September 2016.

2.6 Brief explanation of figures in 2.1 to 2.4:

- (i) As the Scheme commenced on 28 May 2015, this is the first annual financial report for the Scheme, therefore revenue is up 100% and represents distribution income from Murray Goulburn Co-operative Co. Limited (ultimately) and the net change in fair value of liability to unitholders.
- (ii) The Scheme reported nil profit after income tax for the period ended 30 June 2016.
- (iii) Distributions in the current period are 100% franked. The interim distribution was paid on 31 March 2016 and the final distribution will be paid on 29 September 2016.

**3. Statement of comprehensive income** – refer attached

**4. Statement of financial position** – refer attached

**5. Statement of cash flows** – refer attached

**6. Statement of changes in equity** – refer attached

## 7. Details of individual distributions and payment dates

Details	Date paid/payable	Distribution ¢ per unit	A\$'000
Final Distribution	29 September 2016	3.91	8,008
Interim Distribution	31 March 2016	3.50	7,216

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

## 8. Details of Distribution Reinvestment Plan

The Distribution Reinvestment Plan (DRP) is in operation.

Under the rules of the DRP, eligible unitholders may elect to participate in the DRP in respect of all or part of their unitholding, subject to any maximum and/or minimum number of units to participate in the DRP that the directors may specify. There is currently no minimum number of units which a unitholder may designate as participating in the DRP. The maximum number of units which a unitholder may designate as participating in the DRP is 250,000.

Further, participation in the DRP is restricted to those unitholders who, at the Record Date, have an address in Australia or New Zealand recorded in the unit register.

The last date for receipt of election notices for the DRP is 7 September 2016.

## 9. Net tangible assets

Net tangible asset backing per unit at 30 June 2016 is A\$1.09.

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

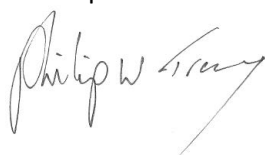
## 11. Details of associates and joint venture entities – None

## 12. Significant information – refer to attached Directors' Report - Key risks. The report should be read in conjunction with Murray Goulburn Co-operative Co. Limited's financial statements and reports for the year ended 30 June 2016 which are available on that entity's web site.

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

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

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



**Philip Tracy**  
Director

**Date: 24 August 2016**

**MG Unit Trust**  
**(ARSN 606 103 637)**

Financial Report for the period ended  
30 June 2016

# Directors' Report

The Directors of MG Responsible Entity Limited, the responsible entity of MG Unit Trust (the Scheme), present the following report for the financial period commencing 28 May 2015 (date of registration as a managed investment scheme) and ended 30 June 2016.

## Responsible Entity

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

## Directors

The following persons held office as director of MG Responsible Entity Limited during the period and up to the date of this report:

PW Tracy (Chairman of Parent)  
KW Jones  
N Akers  
WT Bodman  
PJO Hawkins (Responsible Manager)

MF Ihlein (Responsible Manager)  
GN Munzel  
JP Pye  
MJ Van de Wouw

G Helou (resigned 28 April 2016), ML Jelbart (resigned 2 May 2016), ED Morris (resigned 10 May 2016), and K Grant (appointed 14 March 2016, resigned 3 May 2016) ceased to be directors during the period.

## Company Secretaries

The Company Secretaries below have acted as Company Secretaries of MG Responsible Entity Limited at all times during or since the end of the financial period:

Fiona Smith  
Natalie McKaig

## Principal Activities

The principal activity of the Scheme during the period 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. The Notes and CPS are held by the trustee of the Murray Goulburn Sub Trust on trust for MG Responsible Entity Limited as responsible entity of the Scheme. Murray Goulburn Co-operative Co. Limited is the ultimate parent of each of MG Responsible Entity Limited and the trustee of the Murray Goulburn Sub Trust.

The Scheme did not have any employees during the year.

No significant change in the nature of these activities occurred during the period.

## Review of Operations

The Scheme reported nil profit after income tax for the period ended 30 June 2016. The Scheme paid an interim distribution of 3.5 cents per unit on 31 March 2016. The value of Scheme assets at 30 June 2016 was \$223,255,622. Scheme assets are valued at fair value through profit or loss. Given that the Scheme provides unitholders with an economic exposure to Murray Goulburn Co-operative Co. Limited, this financial report should be read in conjunction with the financial report of Murray Goulburn Co-operative Co. Limited (the parent entity) for the year ended 30 June 2016. That financial report is available on the parent entity's web site and has been released to the ASX in conjunction with this report.

## Likely developments and expected results of operations

The Scheme will continue to act as a special purpose, passive funding vehicle within the consolidated group comprising Murray Goulburn Co-operative Co. Limited as the parent entity and its controlled entities. The results of the Scheme's operations will be affected by a number of factors, including the performance of the Australian Stock Exchange and specifically the performance of the consolidated group comprising Murray Goulburn Co-operative Co. Limited and its controlled entities. 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

On 28 May 2015, the Scheme was registered as a managed investment scheme. On 29 May 2015, MG Responsible Entity Limited, issued a Product Disclosure Statement (PDS) inviting interested parties to subscribe for units in the Scheme.

Following the successful completion of the capital raising activities contemplated under the PDS, gross cash proceeds of \$437.7 million were raised. A further \$1.6 million of capital was issued to employees for non cash consideration. The MG Unit Trust listed on the Australian Securities Exchange on 3 July 2015.

## Directors' Report (continued)

### Key Risks

Given its structure and the arrangements in place with Murray Goulburn Co-operative Co. Limited (Murray Goulburn), the Scheme has an exposure to specific and general risks facing Murray Goulburn's business. In particular, the Scheme is considered to have a material economic exposure to the Murray Goulburn milk price and the level of distributions delivered to unitholders, based on the structure of the Scheme and its arrangements with Murray Goulburn. Returns on units relate to the financial performance of Murray Goulburn and, in particular decisions made by the board of Murray Goulburn in relation to dividends paid by Murray Goulburn to its shareholders. Distribution decisions will be made by Murray Goulburn and not MG Responsible Entity Limited and will be positively correlated to movements in the actual weighted average southern milk region farmgate milk price.

There are also various structural risks of the Scheme and 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 Scheme 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 Scheme 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 MG 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 MG 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 MG 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 Scheme 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.

Litigation (involving Murray Goulburn or the Scheme) also has the potential to materially impact upon the Scheme's operating and financial performance and results. 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 Scheme 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 Scheme.

### Matters subsequent to the end of the financial period

Subsequent to the period ended 30 June 2016, the Murray Goulburn Sub Trust recognised distributions/dividends on the Notes and CPS, which were payable by Murray Goulburn Co-operative Co. Limited. In turn, and as described in the Product Disclosure Statements issued on 29 May 2015, the trustee of the Murray Goulburn Sub Trust distributed to MG Responsible Entity Limited all of the distributions/dividends on Notes and CPS that it received. MG Responsible Entity Limited has agreed to distribute to unitholders of the Scheme all of the distributions received from the trustee of the Murray Goulburn Sub Trust, which is equivalent to an amount of 3.91 cents per unit, fully franked. This distribution has not been recognised as a liability as at 30 June 2016 since it was declared and approved post year end. The distribution is expected to be paid on 29 September 2016.

Other than as noted above in the preceding paragraph, no other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in financial years subsequent to the period ended 30 June 2016.

### 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 Scheme and no investments were held by MG Responsible Entity Limited in the Scheme throughout the reporting period.

## Directors' Report (continued)

### Indemnity and insurance of officers

During the financial period, 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).

### Indemnity of auditors

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

### Interests in the Scheme

The movement in units on issue in the Scheme during the year is disclosed in note 9 to the financial statements. The value of the Scheme's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in note 2 to the financial statements.

### Directors' interests in the Scheme

Holdings of Directors of the Responsible Entity:

	Units Acquired during the period	Number of units held at 30 June 2016
<b>Director</b>		
PW Tracy	47,619	47,619
N Akers	30,884	30,884
WT Bodman	-	-
PJO Hawkins	-	-
MF Ihlein	-	-
KW Jones	28,571	28,571
GN Munzel	27,619	27,619
JP Pye	15,000	15,000
MJ Van De Wouw	47,619	47,619
	<b>197,312</b>	<b>197,312</b>

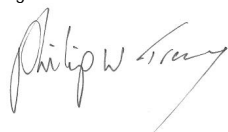
### Rounding of amounts to the nearest thousand dollars

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

### Auditor's Independence Declaration

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

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



PW Tracy  
Director

Melbourne, 24 August 2016

# Statement of Comprehensive Income

for the period ended 30 June 2016

	Note	June 2016 \$000
<b>Finance income</b>		
Net change in fair value of liability to unitholders	4	206,826
Distributions to unitholders	4	(7,216)
<b>Investment expense</b>		
Net fair value loss on revaluation of loan to MG Sub Trust	5	(206,826)
Distribution income	5	7,216
Profit (loss) before income tax		-
Income tax expense		-
<b>Profit (loss) for the period</b>		-
Other comprehensive income		-
<b>Total comprehensive income for the period</b>		-

The accompanying notes form part of these financial statements.



# Balance Sheet

as at 30 June 2016

	Note	June 2016 \$000
<b>Assets</b>		
Financial asset held at fair value through profit or loss - loan to MG Sub Trust	6	223,256
<b>Total assets</b>		<b>223,256</b>
<b>Liabilities</b>		
Financial liability at fair value - amounts due to unitholders	7	223,256
<b>Total liabilities</b>		<b>223,256</b>
<b>Net assets</b>		<b>-</b>
<b>Total equity</b>		<b>-</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

as at 30 June 2016

Equity attributable to unitholders  
\$000

Profit for the period	-
Other comprehensive income for the period	-
<b>Balance at 30 June 2016</b>	<b>-</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

for the period ended 30 June 2016

June  
2016  
\$000

Cash flows from operating activities	
Net cash inflow (outflow) from operating activities	-
Cash flows from investing activities	
Net cash inflow (outflow) from investing activities	-
Cash flows from financing activities	
Net cash outflow from financing activities	-
Net increase (decrease) in cash	-
<b>Cash at the end of the period</b>	<b>-</b>
Reconciliation to cash	
Cash at bank and cash on hand	-
<b>Cash at the end of the period</b>	<b>-</b>

Gross proceeds of \$437.7 million were raised when the MG Unit Trust listed on the Australian Securities Exchange on 3 July 2015. The funds raised were received directly by Murray Goulburn Co-operative Co. Limited (the parent), as such there was nil impact to the Scheme's cash position.

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

The accompanying notes form part of these financial statements.

## 1: General information

These financial statements cover MG Unit Trust (the Scheme) as an individual entity. The Scheme was registered as a Managed Investment Scheme on 28 May 2015.

In 2015, Murray Goulburn Co-operative Co. Limited (Murray Goulburn) undertook a capital restructure that involved the establishment of the Scheme, a special purpose funding vehicle listed on the ASX. The responsible entity of the Scheme is MG Responsible Entity Limited (Responsible Entity), a wholly owned subsidiary of Murray Goulburn. The board of the Responsible Entity is the same as the Board of Murray Goulburn.

The funds raised by the Scheme 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 Scheme listing on the ASX, the Scheme has acquired Convertible Preference Shares (CPS) issued by Murray Goulburn as a consequence of the operation of Murray Goulburn's Shareholder Trading Platform. The Notes and CPS each, as far as possible, carry the same economic rights as Murray Goulburn ordinary shares.

Unitholders are entitled to receive distributions equivalent to any dividends paid to shareholders in Murray Goulburn. Dividends on shares, and therefore distributions on units, are determined by the Board of Murray Goulburn in accordance with the Profit Sharing Mechanism outlined in Section 6 of the Product Disclosure Statement (PDS) dated 29 May 2015.

The Responsible Entity's registered office is Freshwater Place, Level 15, 2 Southbank Boulevard, Southbank VIC 3006. The financial statements are presented in the Australian currency. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements were authorised for issue by the directors of the Responsible Entity on 24 August 2016.

## 2: Summary of significant accounting policies

### A) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the *Corporations Act 2001* in Australia. MG Unit Trust is a for-profit unit trust for the purpose of preparing the financial statements. The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise

The reporting period is from 28 May 2015 (date of registration as Managed Investment Scheme) to 30 June 2016. As this is the Scheme's first reporting period there is no comparative period information.

The Scheme is a wholly owned and controlled subsidiary of its ultimate parent entity, Murray Goulburn Co-Operative Co. Limited. As a subsidiary the Scheme adopts those accounting policies adopted by its ultimate parent which are relevant to the Scheme's operations. The parent's accounting policies are set out in Murray Goulburn Co-Operative Co. Limited's annual financial report for the year ended 30 June 2016 which is available on that entity's web site.

### B) FINANCIAL ASSETS

With respect to the classification of financial assets, the Notes and Convertible Preference Shares (CPS) do not meet the requirements of AASB 9.4.1.2(b) 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. As such the Notes and CPS are measured at fair value through profit or loss.

The fair value of receivables is intrinsically linked to the fair value of amounts owed to unit holders, and in turn, to the value of MG Unit Trust's units as at balance date, as listed on the Australian Securities Exchange. Gains arising on the revaluation of financial assets to fair value are recorded as investment income in the Statement of Comprehensive Income.

### C) FINANCIAL LIABILITIES

The Scheme is contractually obligated to pay out distributions to unitholders equal to the distributions the Scheme receives from Murray Goulburn Co-operative Co. Limited on the Notes and Convertible Preference Shares held via MG Sub Trust. The Scheme is required to redeem the units upon a change of control of Murray Goulburn Co-operative Co. Limited. Additionally, neither the distributions nor the redemption are within the Scheme's control. Based on these facts the units are classified as financial liabilities for the Scheme.

The amount due to unitholders is recorded at fair value through profit or loss and is revalued to reflect the current fair value of the MG Unit Trust's units as listed on the Australian Securities Exchange at balance date. Losses arising on the revaluation of financial liabilities to fair value are recorded as finance costs in the Statement of Comprehensive Income.

### D) INVESTMENT INCOME

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

## 2: Summary of significant accounting policies (continued)

### E) DISTRIBUTIONS

The Scheme is contractually obligated to distribute to unitholders any distribution it receives from Murray Goulburn Co-operative Co. Limited 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.

### F) SEGMENT INFORMATION

The Scheme 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 Australian Securities Exchange and all funds raised have been lent by the Scheme's responsible entity to MG Sub Trust, an entity which, like the Scheme, is a wholly owned subsidiary of Murray Goulburn Co-operative Co. Limited. The relationship between these entities and nature of the transactions which are likely to occur between them is more fully set out in the Scheme's Product Disclosure Statement, dated 29 May 2015 which is available on Murray Goulburn Co-Operative Co. Limited's web site. The Scheme'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 Scheme's operations is expected to be nil. The Scheme's financial performance is assessed on this basis. The chief operating decision-makers monitor the operating results of the Scheme on an overall basis. Therefore the Scheme is a single-segment entity.

### G) ADOPTION OF NEW AND REVISED STANDARDS

#### **AASB 9 Financial Instruments**

AASB 9, issued by the Australian Accounting Standards Board (AASB), applicable from 1 January 2018 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors have elected to early adopt AASB 9, however this decision does not impact on the recognition and measurement of the Scheme's financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Scheme does not apply hedge accounting. AASB 9 introduces a new impairment model, however, as the Scheme's investments are all held at fair value through profit or loss, the change in impairment rules does not impact the Scheme.

#### **AASB 15 Revenue from Contracts with Customers**

AASB 15, issued by the Australian Accounting Standards Board (AASB) is applicable from 1 January 2018 with early adoption permitted. The introduction of this standard is currently not expected to have any material impact upon the preparation of the Scheme's financial reports. The scheme has not elected to early adopt this standard.

### 3: Earnings per unit

June  
2016

Basic and diluted earnings per unit attributable to unitholders of the Scheme (\$)	-
Earnings attributable to unitholders of the Scheme (\$ million)	-
Weighted average number of units (thousands of units)	207,957

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

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

### 4: Finance income

June  
2016  
\$000

Net change in fair value of liability to unitholders	206,826
Distribution expense (i)	(7,216)
<b>Total finance income</b>	<b>199,610</b>

#### Net change in fair value of liability to unitholders

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

### 5: Investment expense

June  
2016  
\$000

Net fair value loss on revaluation of loan to MG Sub Trust	206,826
Distribution income	(7,216)
<b>Total investment expense</b>	<b>199,610</b>

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

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

(i) Distribution expense: for further information regarding distributions, refer to note 8 of Murray Goulburn Co-Operative Co. Limited's annual financial report for the year ended 30 June 2016 which is available on that entity's web site.

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

June  
2016  
\$000

Financial asset held at fair value through profit or loss - loan to MG Sub Trust	223,256
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The related party loan is receivable from the MG Sub Trust. The ultimate parent of both the Scheme and MG Sub Trust is Murray Goulburn Co-operative Co. Limited.

## 7: Financial liabilities at fair value through profit or loss - amounts due to unitholders

June  
2016  
\$000

Financial liability at fair value - amounts due to unitholders	223,256
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## 8: Fair value measurement of financial instruments

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

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

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

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>At 30 June 2016</b>				
<b>Assets</b>				
Financial asset held at fair value through profit or loss:				
- loan to MG Sub Trust	-	223,256	-	223,256
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
- amounts due to unitholders	-	223,256	-	223,256

There were no transfers between Levels 1, 2 and 3 during the period ended 30 June 2016.

The fair value of the loan receivable represents the cash flows that MG Unit Trust expects to receive in principal and dividend streams from the MG Sub Trust. This fair value that has been used is the value of the MG Unit Trust quoted on the ASX at 30 June 2016. 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.

## 9: Net assets attributable to unitholders

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

	June 2016 Number	June 2016 \$000
Opening balance	-	-
Number of units issued <sup>1</sup>	214,931,875	451,137
Number of units redeemed	(10,110,203)	(21,055)
Decrease in net assets attributable to unitholders	-	(206,826)
Closing balance	204,821,672	223,256

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

1. Included in the total number of units issued is 209,198,581 units which were issued when the Scheme was listed, and 68,490 units with a total value of \$150,733 that were issued under the Distribution Reinvestment Plan.

## 10: Distributions to unitholders

The distributions for the period were as follows:

	Period ended 30 June 2016 \$000	CPU
Distributions paid	7,216	3.5
Distributions payable	-	-
	7,216	

## 11: Financial risk management

The Scheme is a special purpose, passive funding vehicle holding only an interest in subordinated Notes and CPS issued by Murray Goulburn Co-operative Co. Limited, where the Notes and CPS are held by MG Sub Trust on trust for the Scheme. The ultimate parent of both the Scheme and MG Responsible Entity Limited, is Murray Goulburn Co-operative Co. Limited. The Scheme's costs are borne by MG Responsible Entity Limited, MG Responsible Entity Limited is reimbursed for expenses incurred by the ultimate parent Murray Goulburn Co-operative Co. Limited. The Scheme has limited net exposure to market price risk and liquidity risk. The Scheme has no direct exposure to interest rate, foreign exchange or credit risk. The risk management policies employed by the Scheme 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 Scheme'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 Scheme will not be able to meet its financial obligations as they fall due. The Scheme's costs are borne by MG Responsible Entity Limited, MG Responsible Entity Limited is reimbursed for expenses incurred by the ultimate parent Murray Goulburn Co-operative Co. Limited. Hence, the Scheme does not have significant liquidity risk.

## 12: Remuneration of auditors

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

	June 2016 \$000
PricewaterhouseCoopers Australian firm	
<i>Audit and other assurance services</i>	
- Audit and review of financial statements	50
- Audit of compliance plan	40
<b>Total remuneration for audit and other assurance services</b>	<b>90</b>

## 13: 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 period.

### c) Other key management personnel

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

### d) Transactions with key management personnel

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

The following transactions occurred with key management personnel during the reporting period:

	June 2016 Number
Application for units	253,060
Redemption of units	-

The Scheme 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 period.



### 13: Related party transactions (continued)

#### e) Other transactions

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

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

#### f) Related party investments

As at 30 June 2016, the Scheme held no investments in the Responsible Entity, or any other related entities.

### 14: Events Subsequent to Balance Date

Subsequent to the period ended 30 June 2016, the MG Sub Trust recognised distributions which were payable by Murray Goulburn Co-Operative Co. Limited, being the ultimate parent entity of both the Scheme and MG Sub Trust. In turn, the MG Sub Trust declared a distribution in favour of the Scheme. The Scheme's Responsible entity then declared a distribution in favour of the Scheme's unit holders in the amount of 3.91 cents per unit, fully franked. This distribution has not been recognised as a liability as at 30 June 2016 since it was declared and approved post year end. The distribution is expected to be paid on 29 September 2016.

Other than as noted above in the preceding paragraph, no other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in financial years subsequent to the period ended 30 June 2016.

### 15: Contingent liabilities

#### ***Class Action***

On 17 May 2016, Murray Goulburn Co-operative Co. Limited (MG) and MG Responsible Entity Limited, as responsible entity of the MG Unit Trust (MG RE), were notified that a group proceeding had been filed against them and a number of current and former directors in the Supreme Court of Victoria.

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. The proceeding is brought by the lead plaintiff on behalf of unitholders who purchased units pursuant to the PDS and/or in the period "on or after 3 July 2015 and prior to the commencement of trading on 29 February 2016" and who held any of those units at the commencement of trading on 27 April 2016. The information usually required by AASB 137 Provisions, Contingencies and Contingent Liabilities is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation. The companies strongly deny that there is a proper basis for the claim and are vigorously defending the proceedings.

#### ***Regulatory Investigations***

MG and MG RE are also currently the subject of investigations which are being undertaken by:

- the Australian Securities and Investments Commission in relation to potential breaches of the Corporations Act; and
- the Australian Competition and Consumer Commission in relation to potential breaches of the Competition and Consumer Act.

The companies are fully co-operating with both government agencies to resolve the issues. To date no adverse findings have been notified to either company in relation to these investigations.

## Directors' Declaration

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

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

- a) the financial statements and notes of the MG Unit Trust for the period ended 30 June 2016, as set out on pages 4 to 13, are in accordance with the Corporations Act 2001, including:
  - (i) complying with applicable accounting standards and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the MG Unit Trust's financial position as at 30 June 2016 and of its performance for the period ended on that date; and
- b) 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.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2016.

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



PW Tracy  
Director

Melbourne  
24 August 2016



## Auditor's Independence Declaration

As lead auditor for the audit of MG Unit Trust for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

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

Lisa Harker  
Partner  
PricewaterhouseCoopers

Melbourne  
24 August 2016



## **Independent auditor's report to the members of MG Unit Trust**

### ***Report on the financial report***

We have audited the accompanying financial report of MG Unit Trust (the registered scheme), which comprises the balance sheet as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### ***Directors' responsibility for the financial report***

The directors 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 determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### ***Independence***

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



*Auditor's opinion*

In our opinion, the financial report of MG Unit Trust 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 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Lisa Harker*

Lisa Harker  
Partner

Melbourne  
24 August 2016