



25 November 2014

Dear Supplier/Shareholders

RE: UPDATE FROM MG REGARDING FARMGATE MILK PRICE (SOUTHERN MILK POOL)

As previously advised, MG has committed to updating supplier/shareholders on its farmgate milk price forecast on a monthly basis.

Having considered the latest market settings, MG is maintaining its opening price and forecast at a weighted-average available milk price of \$6.00 per kilogram milk solids in its southern milk pool. This forecast is subject to change in external factors such as global dairy prices and the Australian dollar.

Market conditions for key dairy ingredients have remained weak since the last update. Whilst demand is good, there are significant stocks of Skim Milk Powder (SMP) emanating from Europe and the USA, and production of Full Cream Milk Powder (FCMP) remains strong from New Zealand. These higher stock levels are keeping prices weaker.

We continue to optimise MG's sales and marketing mix and reduce costs throughout the business to protect the opening price and our suppliers' interests.

MG welcomed the announcement of a comprehensive Free Trade Agreement (FTA) with China last week but any benefits from the FTA will only come after it is signed and enacted.

We also note that seasonal conditions are challenging in some key regions. Please talk to our field services or MG Trading team if you need any assistance with finance or fodder sourcing.

Given ongoing market volatility MG continues to recommend caution in farm budgeting until market directions become clearer.

We will provide an update to you again in December.

Yours sincerely

Gary Helou
Managing Director