



23 June 2018

Dear DFMC Supplier,

FNQ REGION ANNOUNCED MILK PRICES 2018/19 AND CONTRACT OPTIONS

On behalf of Dairy Farmers Milk Cooperative (DFMC), I am pleased to present you the enclosed pricing schedule for 2018/19.

As you're aware, DFMC works hard to help you grow your milk supply, and our pricing is designed to give you flexibility when it comes to your business needs. Key benefits include:

- Our announced monthly price plus average adjustments should result in DFMC paying our suppliers an average total price of **58.00 cents per litres (cpl)** (\$8.17 per kilogram milk solids equivalent) at the reference litre of 4% Butter Fat and 3.2% Protein and this is unchanged from 2017/18; and
- Commitment to pay Tier 1 prices across the board for the duration of this year.

DFMC provides value and security by offering pricing certainty in the face of fluctuating market conditions. Our long-term supply agreement with Lion Dairy and Drinks gives you the opportunity to plan your future based on income surety and solid market information.

If you have any questions or concerns regarding the options available to you, please contact:

Tony Burnett	Regional Manager	0428 632 148	tony.burnett@dfmc.org.au
Mark Kebbell	Executive Officer	0432 046 768	mark.kebbell@dfmc.org.au
James Geraghty	FNQ Director	0427 972 355	besaja@bigpond.com.au

On a personal note I would like to thank you for your supply and wish you all, a successful and prosperous year ahead.

Yours Sincerely on behalf of the DFMC Board

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

Andrew Burnett
Chairman
DAIRY FARMERS MILK CO-OPERATIVE
Ph: 0419 773 907

2018/19 MILK PRICING OFFERS



The following table details our new announced base milk price for all milk purchased for financial year 2018/19.

State: DFMC - Far North Qld

Reference Litre	Butterfat	4.00%
	Protein	3.20%

Monthly Period	July	August	September	October	November	December	January	February	March	April	May	June	Average
Days in Period	31	31	30	31	30	31	31	28	31	30	31	30	
Tier 1	\$/kg Butterfat	6.23	6.23	6.23	6.23	6.23	6.23	6.23	6.23	6.23	6.23	6.23	6.23
	\$/kg Protein	9.34	9.34	9.34	9.34	9.34	9.34	9.34	9.34	9.34	9.34	9.34	9.34
Cents per litre at reference litre	54.8	54.8	54.8	54.8	54.8	54.8	54.8	54.8	54.8	54.8	54.8	54.8	54.8

PRICING NOTES

1. For all payment options, the announced base milk price for a month is the base price for all milk purchased from contracted suppliers during the Financial Year 2018/19;
2. In addition to the announced base milk prices detailed above, contracted DFMC suppliers will receive a payment above the base milk price for Contract Consideration; Productivity Incentive & Milk Quality Incentive/Deduction which will be paid on all milk supplied;
3. DFMC Contract Consideration, Milk Quality Incentive and Location Differential Payments applicable to your region will not change from that of 2017/18;
4. Payments to Members are made in terms of \$/kg Fat and \$/kg Protein. DFMC quotes prices based on a reference litre of 4% Fat and 3.2% Protein for comparative purposes in both cents per litre (Cpl) and dollars per kilogram of Milk Solids (\$/kg MS) and for 2018/19 is set at a payment ratio of 1 part Fat is to 1.5 parts Protein;
5. In addition to the Farmgate Milk Price, DFMC has also forecast a dividend to be paid to DFMC shareholders in relation to financial year 2017/18 of 8 cents per share, franked at a rate of 50%. Shareholders will have the option to re-invest that dividend payment back as share capital.
6. As announced on the 30th April 2018 DFMC has committed to continuing the current freight recovery model for the 2018/19 season. This will be replaced by the hybrid model for the 2019/2020 season.

CONTRACTS

Those farms who are due to renew contracts in the 2018/19 season will receive a new contract via the post in coming weeks. These contracts will be similar to those contracts offered to suppliers for the 2017/18 season.

SUPPLIER MEETING

A supplier meeting will be scheduled for Thursday 2nd August in Malanda. Time to be confirmed. A major focus for this meeting will be discussing our supply management and AFD system.