

STANDARDIZED MILK PRICE CALCULATIONS for AUGUST 2012 deliveries

(for standardized milk (1) and based on payment systems of the companies; all prices in euro / 100kg)

Company		Quality adjustment	Quantity adjustment	Seasonal adjustment	MILK PRICE this month	Most recent supplementary payment	Rolling average last 12 month (4)
Milcobel	BE	0.73	1.37		29.55	0.10	30.86
Alois Müller	DE	0.51			28.49	0.38	32.51
Humana Milchunion eG	DE				28.08	-0.12	31.69
Nordmilch	DE		0.15		28.23	0.00	31.77
Arla Foods	DK	0.60			30.39	1.50	33.93
Hämeenlinnan Osuusmeijeri	FI			1.94	43.22	2.82	44.06
Bongrain CLE (Basse Normandie)	FR	0.74			34.63	none	34.13
Danone (Pas de Calais)	FR				35.04	none	34.31
Lactalis (Pays de la Loire)	FR				33.47	none	33.80
Sodiaal	FR	0.58			35.56	none	34.20
Dairy Crest (Davidstow)	GB	0.12	0.37		35.50	0.00	34.33
First Milk	GB	0.62	2.31		32.64	0.00	31.31
Glanbia	IE				29.31	0.00	31.54
Kerry	IE				29.08	none	31.02
Granarolo (North)	IT	1.15	3.42		40.24	none	40.86
DOC Kaas	NL	0.05	0.34		29.19	2.03	34.78
Friesland Campina	NL	0.05	0.75	2.45	33.71	1.79	35.47
AVERAGE MILK PRICE THIS MONTH (2)					32,72		34,15
Emmi A.G.	CH		2.92	4.87	50.80	none	47.02
Fonterra (5)	NZ				27.66	0.00	28.83
United States of America (3)	US	0.16			35.31	none	32.15

Remarks:

- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA announcement, adjusted for 4.2% fat, 3.4% protein and somatic cell count 249,999 per ml.
- (4) Including most recent supplementary payment.
- (5) Based on payout forecast, adjusted for 4.2% fat and 3.4% protein.

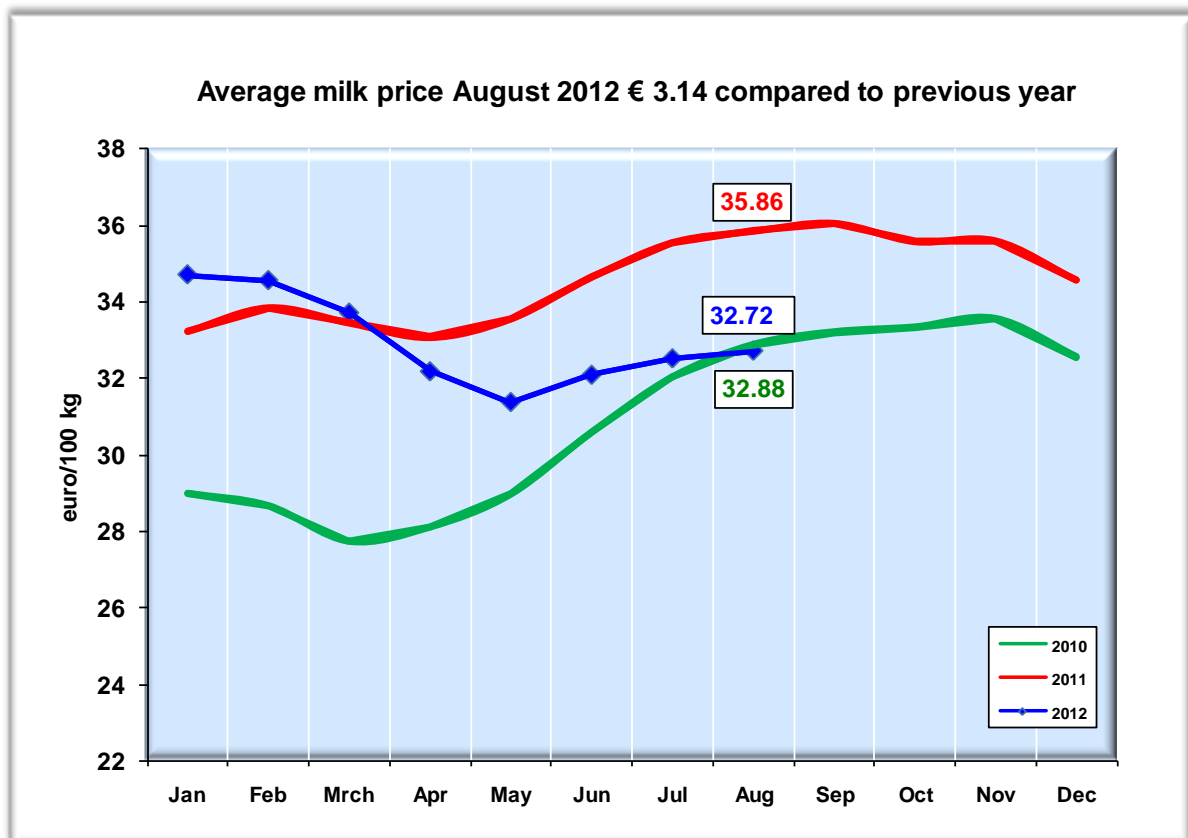
ADDITIONAL REMARKS MILK PRICES AUGUST 2012

MILK PRICES

The average calculated milk price for the August 2012 deliveries is € 32.72 per 100 kg standard milk. This is a decrease of 8.8% compared to August 2011 (- € 3.14). Compared to July 2012, the average milk price increased slightly.

At this time of the year a slight increase in milk prices is not unusual.

It is striking that, compared to the previous month, Milcobel and Glanbia are the only dairies that have increased their milk prices. The other price increases are a result of seasonal changes.



The French companies have slightly reduced their milk prices (partly seasonal). The milk prices of all German companies remained unchanged. The milk price of Alois Müller will increase from September.

Because of the winter surcharge of € 2.45, the calculated milk price of FrieslandCampina rose to € 33.71.

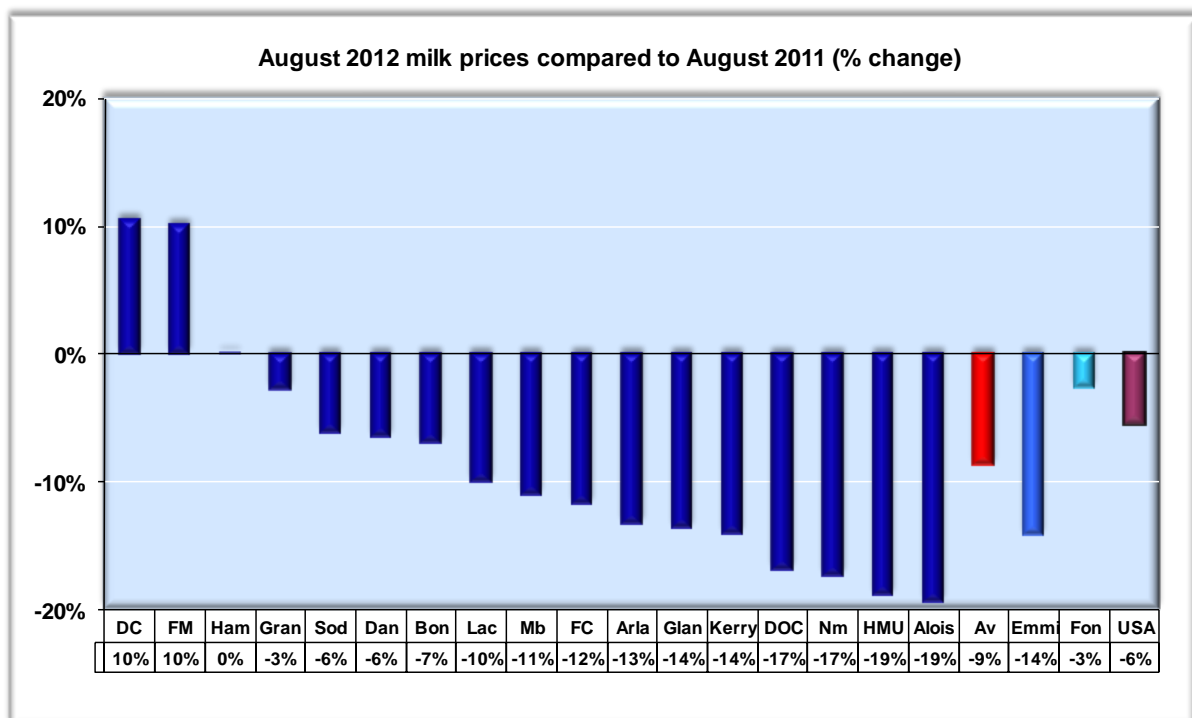
For the next few months, Arla Foods (until October) announced not to change its milk price. FrieslandCampina has announced to increase the milk price by € 0.75 in October.

The British companies still pay relatively high milk prices and will further increase the milk from October on.

The milk price of the Irish company Glanbia has increased in August. The calculated milk price results in € 29.31.

Because a seasonality bonus, the calculated milk price of the Swiss dairy Emmi rose by € 2.00 to € 50.80 in August.

Fonterra has announced its final milk price for season 2011/12. This results in a milk price of NZ\$ 6.400 per kg fat and protein. This includes dividends. The calculated milk price in August results in 5,565 NZ\$.



Additional comments milk prices August 2012

Milcobel

The calculated milk price of Milcobel has increased by € 2.10. The calculated milk price results in € 29.55.

Germany

The milk prices of all German companies remained unchanged..

Scandinavia

The milk of the Swedish / Danish Arla Foods in August fell by € 0.50. The calculated milk price results in € 30.39. In September and October, the milk price of Arla will not change.

The calculated milk price of Hämeenlinnan Osuusmeijeri is € 43.22.

France

French companies have reduced their milk prices (partly because of seasonality adjustments), ranging from € 0.64 to € 1.74.

United Kingdom

The British companies still pay relatively high milk prices and will further increase the milk from October.

The calculated milk price of First Milk and Dairy Crest are € 32.62 and € 35.50 respectively.

Ireland

The Irish company Glanbia has raised its milk price. The calculated milk price for August is € 29.31.

Kerry has not changed its milk price in August.

The Netherlands

Because of the winter surcharge, the calculated milk price of FrieslandCampina rose to € 33.71. FrieslandCampina has announced to increase the milk price by € 0.75 in October.

DOC Kaas did not change its milk price in August. The calculated milk price results in € 30.62. The company has announced to increase its milk price by € 1.50 in September.

Granarolo

The calculated milk price of the Italian Granarolo for August is € 40.24.

Emmi

Although the C-Emmi Swiss price has decreased slightly (the milk price paid is a weighted average of A, B and C price), the milk price in August rose 2 euros because of a higher seasonal surcharge.

New Zealand

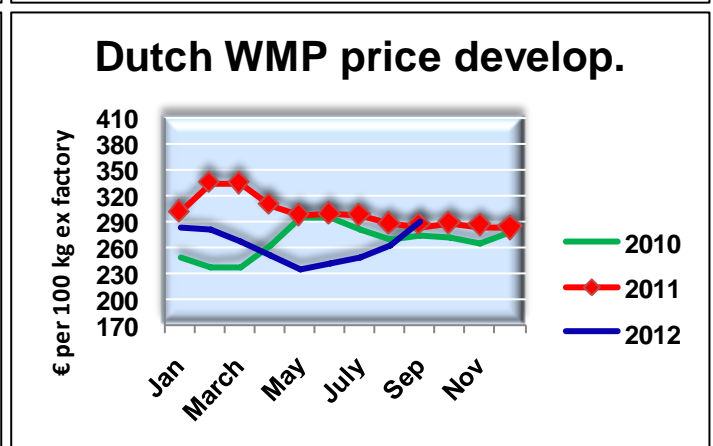
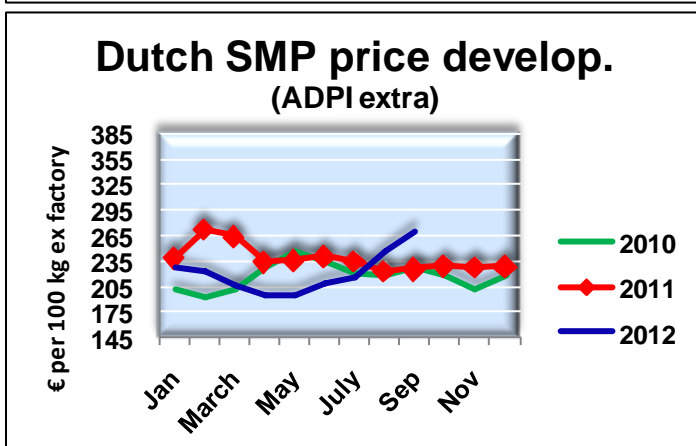
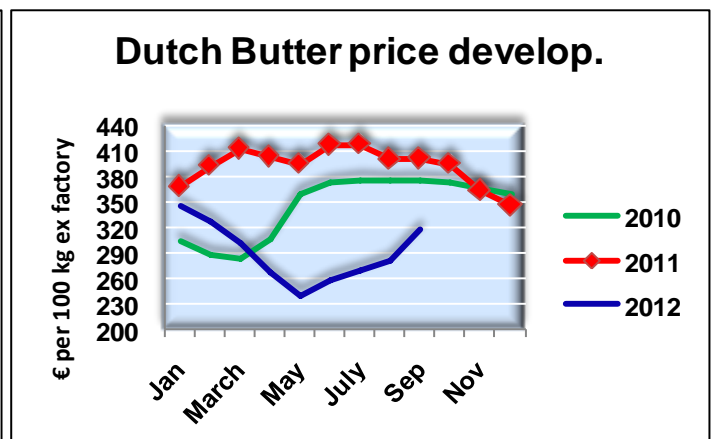
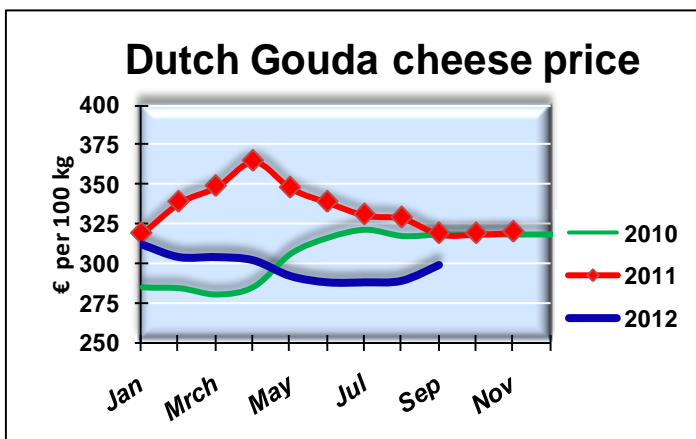
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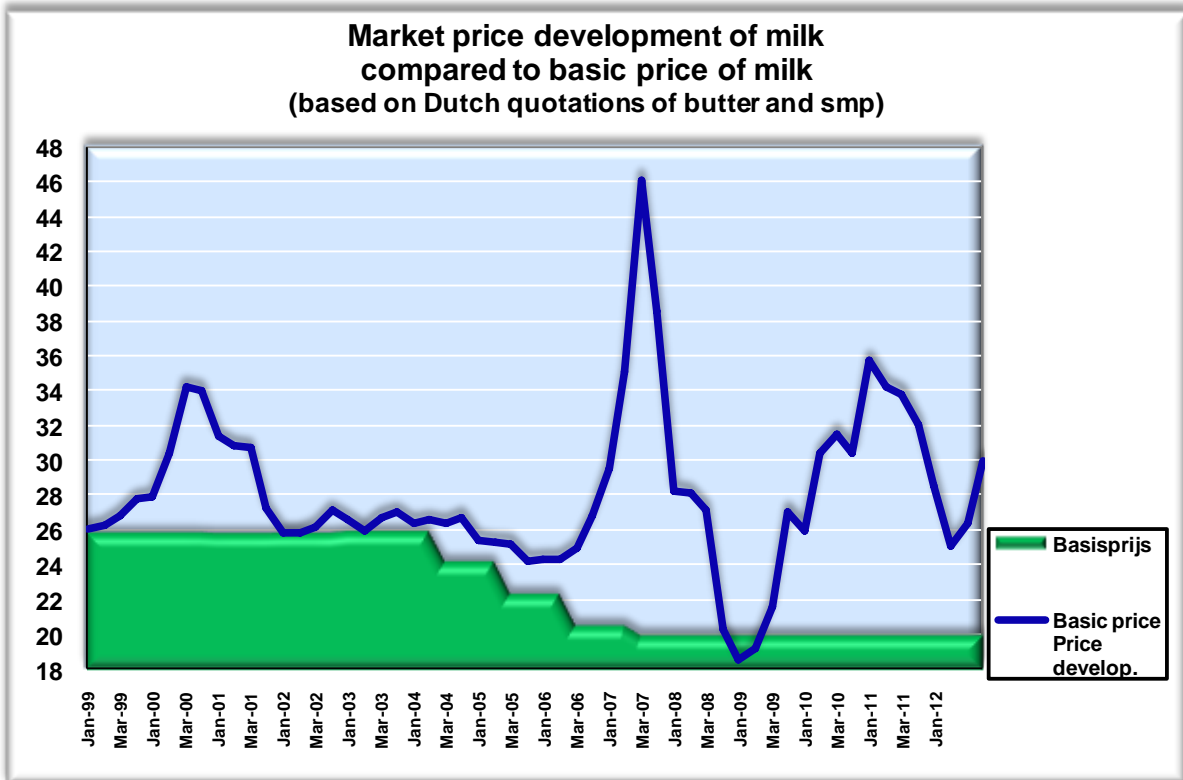
USA

The USA Class III Component price rose in August (+ \$ 1.05) to \$ 17.73 per cwt. Converted into euros, the milk price for August results in € 35.31.

MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2012	5 October 2012	index	trend
Butter	346	324	89.5	↓
Whole milk powder	283	298	101.4	↑
Skimmed milk powder	229	274	117.9	↑
Whey powder	94	99	105.3	↑
Gouda cheese	± 320	± 300	90.6	↓





Market comments

The dairy market continues to be driven by supply constraints in Europe and the USA, mainly due to prolonged period of hot weather and high feed prices. In both regions dairies are behind schedule on their orders, are cutting back on monthly commitments and remain reluctant to offer cheese, milk powder or butter for Q4 deliveries. Stock levels are relatively low and there is little buffer available to absorb any reduction in supply, which instead is directly reflected in prices. Reason why prices tend higher for spot deliveries. But in October the seasonal trough in milk deliveries will be reached and milk output will slowly grow again. In the meantime EU butter and smp prices have stopped rising after a two month jump.

Buyers are resisting the higher price levels as long as possible; so the needs of many industrial buyers for first quarter of next year remain uncovered. Worldwide dairy demand looks solid. Exports of milk powder and whey powder from the main production regions during the first half of 2012 have risen. However in- market stocks are at sufficient levels to cover immediate needs in many markets, especially for markets that typically source their supplies from Oceania.. Many of these countries imported higher levels of product than normal during recent months as New Zealand exporters pushed out their end of season stocks. Supplies out of Oceania will continue to build in the coming months as the milk production is heading towards its seasonal peak.

It could be possible that the downward production trend will be curbed when farmers start to receive higher milk prices to compensate for the higher feed costs. This moment will likely occur early 2013, given many long-term sales commitments by the dairies at relatively low prices.

For the first time after two months the international GDT price index for dairy commodities ended lower at the latest auction on October 3.