

STANDARDIZED MILK PRICE CALCULATIONS for JULY 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		27.45	0.10	31.16
Alois Müller	DE	0.51			28.49	0.38	33.09
Humana Milchunion eG	DE				28.08	-0.12	32.24
Nordmilch	DE		0.15		28.23	0.00	32.27
Arla Foods	DK	0.61			30.96	1.50	34.34
Hämeenlinnan Osuusmeijeri	FI				41.28	2.82	44.06
Bongrain CLE (Basse Normandie)	FR	0.74			35.30	none	34.32
Danone (Pas de Calais)	FR				35.70	none	34.49
Lactalis (Pays de la Loire)	FR				35.27	none	34.08
Sodiaal	FR	0.58			36.20	none	34.37
Dairy Crest (Davidstow)	GB	0.12	0.37		35.52	0.00	34.05
First Milk	GB	0.62	2.31		32.23	0.00	31.07
Glanbia	IE				28.46	0.00	32.03
Kerry	IE				29.08	none	31.52
Granarolo (North)	IT	1.15	3.42		40.24	none	40.96
DOC Kaas	NL	0.05	0.34		29.19	2.03	35.14
Friesland Campina	NL	0.05	0.75		31.23	1.79	35.86
AVERAGE MILK PRICE THIS MONTH(2)					32,52		34,41
Emmi A.G.	CH		2.92	2.44	48.80	none	47.67
Fonterra (5)	NZ				27.47	0.00	28.87
United States of America (3)	US	0.15			33.44	none	32.32

Remarks:

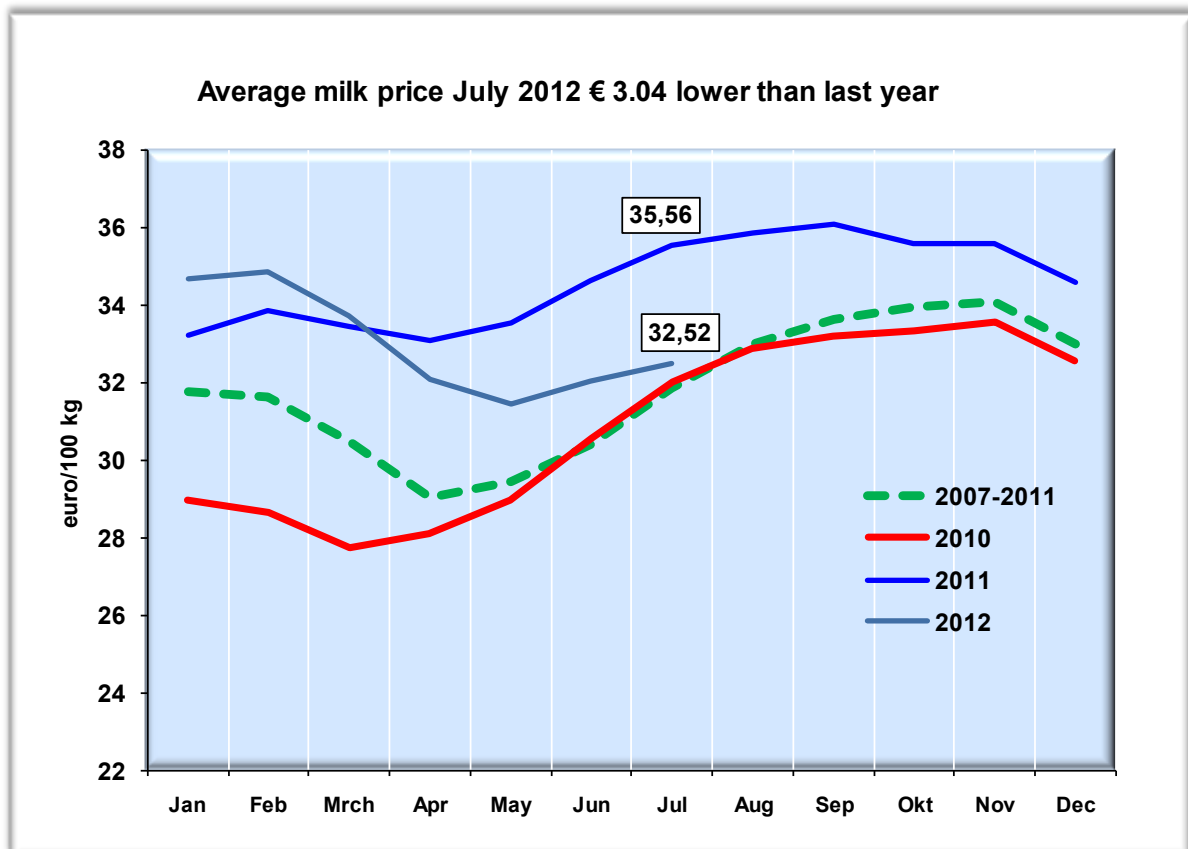
- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA 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 JULY 2012

MILK PRICES

The average calculated milk price for July 2012 deliveries is € 32.52 per 100 kg standard milk. A decrease of 8.6% or minus € 3.04 compared to July 2011

Though the gap between milk prices this year and in 2011 increased further still July milk prices are higher than the average July milk prices of the period 2007 until 2011.



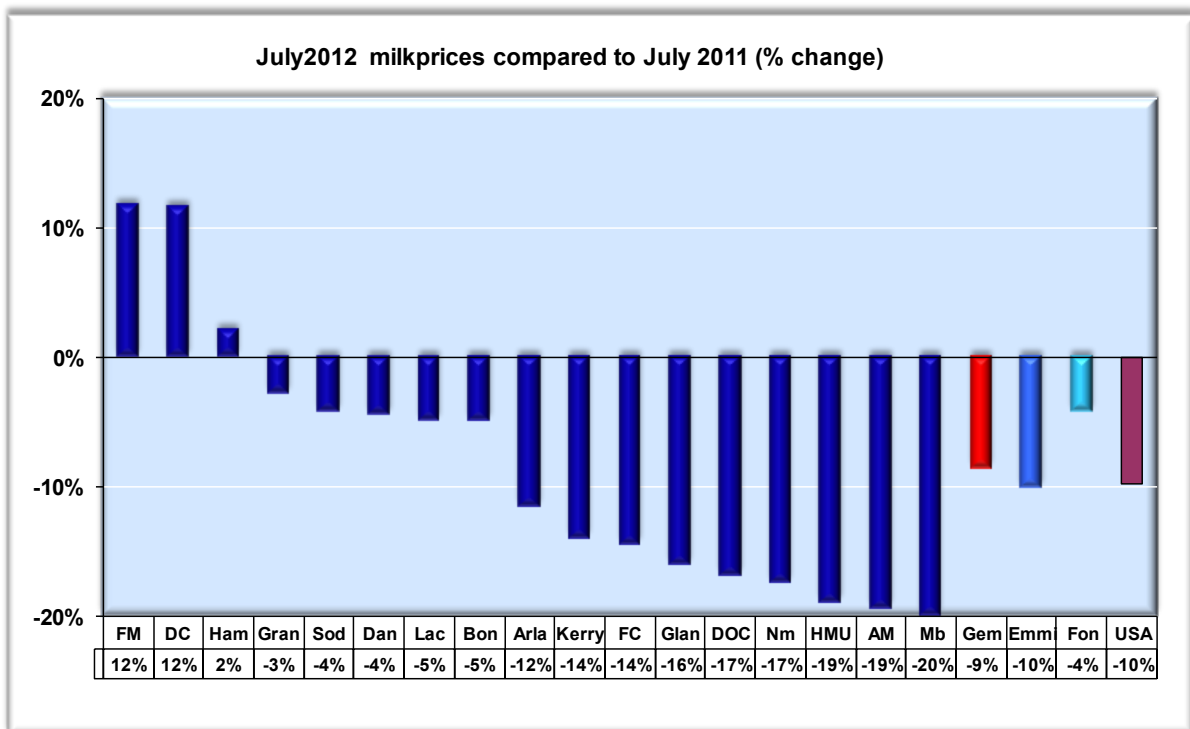
Compared to June 2012 the average milk price increased with € 0.48 per 100 kg due to seasonal changes. Like Dutch FrieslandCampina did not change their guaranteed milk price, but because the summer levy of € 2.30 ended in June the calculated milk price of July increased with the same amount. Seasonality explains also the increases of the calculated milk prices of the French and British dairies Arla Foods and DMK dairies Humana and Nordmilch decreased their milk prices with (almost) 1 euro.

Because the strong British pound against the euro (plus 10% compared to last year) the calculated British milk prices expressed in Euros are much higher than last year. Though it should be noted expressed in pence per liter UK milk prices in the first half of 2012 were at the highest level since at least the last 15 years.

For the coming months milk prices of Alois Muller and DOC Cheese (both August) and FrieslandCampina and Arla Foods (both until September) remain unchanged. Though the constant guaranteed milk price the calculated milk price of FrieslandCampina will increase because of the winter bonus of € 2.45 from August onwards.

New Zealand Fonterra reduced the forecast milk price for the current season 2012/13 with 25 cent to NZ\$ 5.25 per kg milk solids. Taking into account an expected profit distribution the calculated milk price is based on NZ\$ 5.565 per kg milk solids.

For the first time in this monthly publication a comparable milk price of Swiss Emmi is added. The calculated milk price of € 48.80 is compared to EU milk prices substantial higher.



Belgium

The Milcobel milk price is unchanged.

Germany

Basic milk prices of DMK companies Humana and Nordmilch decreased for the fourth consecutive month with 1 euro. The milk price of Alois Muller remains unchanged in July and August.

Scandinavia

For July and August the milk price of Arla Foods decreased with € 0.90 respectively € 0.50. For September the milk price remains unchanged.

The calculated milk price of Finnish Hämeenlinnan Osuusmeijeri is € 41.28 in July which is higher than in the same month in the previous year.

France

Due to seasonality French milk prices increased varying from € 0.50 to € 1 euro per 100 kg.

United Kingdom

Though both First Milk (from June onwards) and Dairy Crest decreased their milk prices as a result of seasonality incentives the calculated milk prices increased.

Ireland

Kerry and Glanbia kept their milk price in July at the same level as the previous month.

Italy

The milk price of Granarolo is unchanged.

Netherlands

Though FrieslandCampina keeps their guaranteed milk price at the same level from June until September calculated milk prices will increase due to seasonality bonuses and deductions as the summer levy of € 2.30 in June is replaced by a winter bonus from August onwards.

There is no change in milk prices of DOC Cheese during July and August.

Switzerland

Emmi processes annually about 1000 million kg of milk which is about 30% of total Swiss milk production. The milk payment is based on different basis prices and corresponding quantities. The calculated milk price is based on 65% A, 25% B and 10% C milk. Besides bonuses for quantity and season deductions for producer organizations and marketing are taken into account.

New Zealand

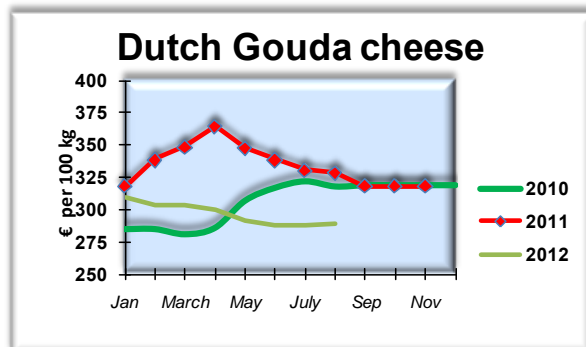
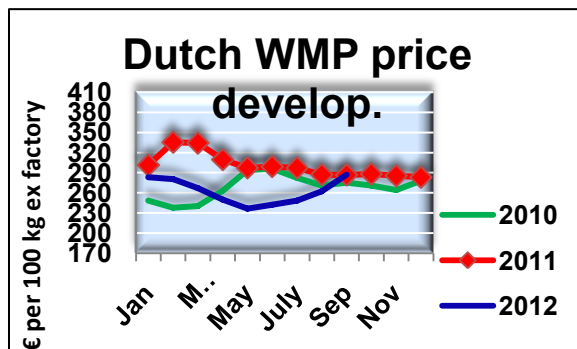
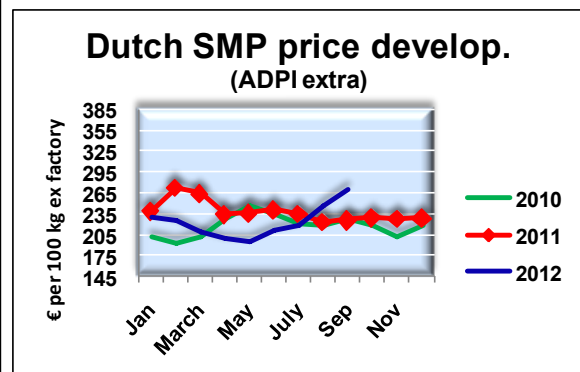
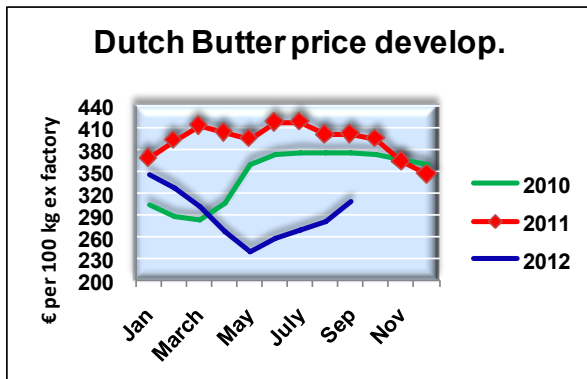
The continued strength of the New Zealand dollar made Fonterra to reduce their forecast milk price for the current season 2012/13. The strength of the New Zealand dollar is eroding the improved prices of the Global Dairy Trade (GDT) events.

United States of America

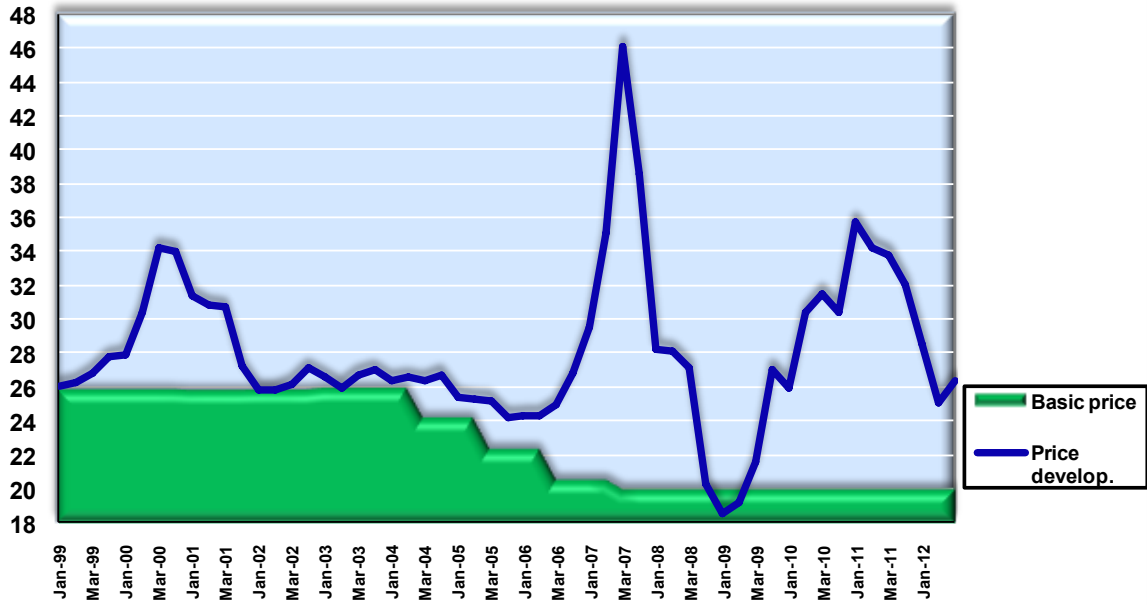
The class III price increased to \$ 16.68 in July (June: \$ 15.64) per cwt. A further increase to \$ 17.73 is announced for August.

MARKET SITUATION

Dutch Quotations				
	1 January 2012 (€ per 100 kg)	5 September 2012 (€ per 100 kg)	index	trend
Butter	346	310	89.5	↑
Whole milk powder	283	287	101.4	↑
Skimmed milk powder	229	270	117.9	↑
Whey powder	94	102	108.5	→
Gouda cheese	320	290	90.6	↑



**Market price development of milk compared to basic price of milk
(based on Dutch quotations of butter and smp)**



Market development

In the Netherlands milk output during period January- July 2012 was 7.00 billion kgs or app. 0.9% higher, compared to the previous year. The average milk fat was a bit lower and protein percentage during this period was a bit higher compared to last year.

According to recent figures milk output in the EU-27 for first 6 months of calendar year 2012 was app. 1.9% (\pm 1.3 million tonnes) higher compared to same period in 2011.

Milk output has left the path of expansionary growth, seen from the start of the year to April and is slowing down more than expected, due to different weather conditions in the most important production regions.

Market activities remained slow due to summer holidays as well as the Ramadan period. Despite this, markets remained buoyant and were moving forward and much focused on the supply side. It looks all sentiment driven. The main driver of the current mood in the market is the extreme drought in the US and parts of Russia, which caused an upswing /surge of feed and concentrate prices and thus squeezing milk production. Also in Europe different weather patterns had an adverse effect on milk output. As milk volumes were trending lower, uncertainty took hold and sentiment turned.

So market began anticipating higher prices. The trend is up. Most visible on milk powder, due to continuing strong exports and the fear of insufficient availability of supplies in coming months. Also butter prices were forced higher as tight supplies of cream on the spot market send cream prices to higher ground and sustained as such higher butter prices.

In August butter quoted 14% higher and reached a level of € 310/100kg. But it is by most short term trading activity (spot or 3 month ahead).

However there is much more butter in stock (PSA storage : already 134.000 tons = + 26%) compared to last year and the still existing gap with lower world market prices are factors, which could put a lid on further price rises. So the possibility of renewed price pressures after the summer period may persist.

Much will depend on how supply and demand will react to price signals from the market.

So at the moment market watchers are more focused on supply figures. The general price development for the next couple of months will therefore be more supply driven.

Prices on the world market are also trending higher