

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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**MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263**

**DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

The Directors of Master Grocers Australia Limited present their report to the members on the results of the Company for the financial year ended 30 June 2010 and on the state of affairs of the Company as at that date.

The following Directors of Master Grocers Australia Limited hold office at the date of this report:

ALLEN, Rodney	President	DALY, Michael	Director
MILLER, Stephen	Vice President	DIXON, Jillian	Director
BRAY, Andrew	Director	GARRETT, Leigh	Director
COWLEY, Jean	Director	SMITH, Deborah	Director

PRINCIPAL ACTIVITY

Master Grocers Australia Limited is a national Industry Employer Association providing independent retail food and liquor stores with services and support in the areas of Workplace Relations, Training and Compliance, Industry Community and Industry Representation to protect the status and best interests of its members.

The Company has its own Consent Awards negotiated with the trade unions on behalf of its members.

The Company publishes 8 editions of its Independent Retailer magazine each year, provides a fortnightly E Checkout bulletin and conducts seminars, forums and workshops for its members. The Company also provides a suite of face to face and On Line Compliance Training programmes for its members and a widespread series of valuable store assistance programmes presented at a store level.

OPERATING RESULTS

The net profit of the Company for the year is \$4,307.

DIVIDENDS

The Directors do not recommend the payment of any dividend. No dividends have been paid or provided for since the end of the previous financial year.

REVIEW OF OPERATIONS

Master Grocers Australia Limited (MGA) has had another very busy year providing vital support services to its independent supermarket and liquor store members around Australia.

This financial year has again provided many challenging circumstances for our industry including the recovery from a very slow trading period, this vs. last year, caused by the Australian Government last year gifting the Australian Community a generous stimulus package that was not forthcoming in this financial year. Symptoms of the Global Financial Crisis still hamper consumer confidence. Despite economic adversity and an increase in competition from the Chains and Aldi, our members have been able to trade vigorously albeit less profitably. Confidence and investment levels have been vulnerable in some sectors of our industry.

Despite the less than robust trading conditions, independent supermarket and liquor store owners cautiously continued to invest into their businesses. Our industry continues to change with many new store owners entering our industry. MGA's Board has recognised this industry growth by continuing to commit to a substantial investment toward the growth and development of MGA's membership services and support such as workplace relations and compliance for independent supermarkets and liquor store members. The Compliance Management System (CMS) is a unique industry specific compliance solution that, after considerable development and investment, has been completed and will become a valuable tool for all.

MGA has also built its staff capability, skill and knowledge within its 4 Core Pillars, that underpins MGA's service and support for members in the areas of Workplace Relations and Employment Law, Training and Compliance and Industry Representation at a State and Federal government level.

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2010

Highlights this year have been the FoodWorks Group of Supermarkets committing to a national MGA membership, the integration and absorption of Liquor Stores Association of Victoria (LSAV) into MGA to form Liquor Retailers Australia (LRA) and the increase in membership of liquor stores under the brands Cellarbrations, Bottlemart and The Bottle O. All industry stakeholders, including governments at State and Federal level, have applauded this wonderful and common sense initiative to create one united voice for independent packaged liquor retailers in Victoria and Australia.

Over the past 12 months MGA and LRA has successfully faced many challenges and embraced many opportunities on behalf of its members around Australia.

The Year In Review

In a very busy and engaging year, MGA has had many highlights:

- Retailer membership has grown by 18% and Corporate Membership has grown by 16%. Membership growth of Tasmanian membership continues to be robust. From 1st February 2010, FoodWorks committed to a national MGA membership - all 470 FoodWorks stores are now MGA members.
- The profile of MGA as an industry organisation is quickly lifting, with State and Federal government representatives and the media seeking MGA's comments and insights into industry matters.
- MGA's Workplace Relations service and support has been well recognised for its excellent service.
- 50 Fair Work Australia (FWA) seminars and numerous 1 on 1 meetings with members took place around Australia, as a result of receiving a grant of \$135,000 from FWA. Seminars included the delivery of industry education programmes.
- MGA Workplace Relations Team made numerous submissions to FWA with respect to minimising wage increases, reducing the minimum engagement for casuals from 3 to 2 hours and quashing the SDA submission to increase the minimum wage by \$2.88.
- MGA's communication mediums include the Independent Retailer magazine, fortnightly E Checkouts and the website. All mediums have significantly improved and been well received by members in all states. Further, investment and development of MGA's Filemaker Data Base system has enabled better understanding of resource allocation.
- MGA's November 2009 Industry Breakfast event was heavily subscribed with guest speakers including Fred Harrison and the Minister for Small Business in Victoria, Joe Helper.
- LRA's Committee has been working with much enthusiasm and vigour toward achieving fair and sustainable outcomes for Packaged Liquor License members.
- Workplace Relations seminars, such as the Know Your Award and National Retail Industry Award, have been well attended. MGA Retailer forums, workshops, visits to stores, and industry committees have been well supported and attended.
- MGA's attendance at industry events and functions, such as the FoodWorks Conference/Expo, IGA>D's Expo, IGA State conferences, FoodWorks and IGA Regional meetings around Australia, have been very well received by members.
- MGA continues to make many submissions to, and attended many hearings with, State and Federal government departments.
- Strong and sustainable partnerships have been formed with key industry stakeholders such as Metcash, IGA>D, FoodWorks, Australian Liquor Marketers, Liquor Marketing Group, various industry service and product suppliers and State and Federal government politicians and bureaucrats.
- The completion of MGA's Compliance Management System (CMS) has been a significant highlight this year coupled with the granting of 150 Enterprise Based Productivity Placement Programmes. The Australian Flexible Learning Framework continue to financially support the CMS development. The On Line Ready 4 Work, Food Safety Handlers and Supervisors, and the Business Essentials programmes are also MGA training highlights.
- Membership services have been expanded and improved. The Retail Notices handbook has been updated and Master Grocers Insurance Services is gaining traction particularly since the underwriter, Latitude, was able to write specific Insurance Policies for the independent supermarket sector.
- MGA continues to consolidate its membership base in Tasmania, Western Australia, Victoria, Queensland, the Australian Capital Territory and New South Wales. MGA will continue to develop new industry memberships in Tasmania, the Northern Territory, South Australia and Queensland in the next financial year.

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2010

SIGNIFICANT CHANGES

There are no significant changes other than those described in the Review of Operations.

Staff numbers remain constant at 9 full time staff and 2 contracted staff.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year and to the date of this report, in the opinion of the Directors, no matters or circumstances have arisen which significantly affect:

- (i) the operations of the Company;
- (ii) the results of those operations, or
- (iii) the state of affairs of the Company, in the financial year subsequent to 30th June, 2010

LIKELY DEVELOPMENTS

Investment of MGA funds and resources will continue to be allocated to the development of support services for members. Membership in South Australia and Queensland is forecasted to increase along with additional members being sourced from the liquor sector.

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2010

DETAILS OF DIRECTORS

Name	Year Appt.	Other Directorships
Stephen A. MILLER	2000	Astson Pty Ltd Ian Dietrich Investments Pty Ltd S & Y Miller Investments Pty Ltd Local Grocer Pty Ltd Milton Parade Pty Ltd Independent Retailer Pty Ltd
Michael A. DALY	2001	Kevmille Pty Ltd Houseinvest.com Pty Ltd M.A. Daly Family Trust Pty Ltd The Network Company Pty Ltd
Jean COWLEY	2001	Point Lonsdale Supermarket Pty Ltd Cowley Business Holdings Pty Ltd Jean Cowley Retail Services Pty Ltd St Leonards Retail Properties Pty Ltd
Rodney F. ALLEN	2002	Mount Martha Village Self Service Pty Ltd Nizark Holdings Pty Ltd Herod Pty Ltd Milton Parade Pty Ltd Local Grocer Pty Ltd Independent Retailer Pty Ltd Comtrain Services Pty Ltd
Deborah May SMITH	2006	A & D (QLD) Holdings Pty Ltd Australian United Retailers Ltd DAALT Pty Ltd
Leigh GARRETT	2008	Leigh Trading Pty Ltd
Andrew J. W. BRAY	2009	Arionelle Pty Ltd Lyndhurst Nominees (HP) Pty Ltd BQ Holdings Pty Ltd Collaroy Beach IGA Pty Ltd The Network Company Pty Ltd
Jillian P. Dixon	2010	BrainLink Services Pty Ltd Giddyup Marketing Pty Ltd

DIRECTORS BENEFITS

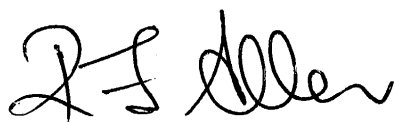
Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company, or a related corporation with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest other than as shown in the Company's accounts or received as a fixed salary of a full-time employee of the Company or related corporation.

AUDITORS INDEPENDENCE DECLARATION

A copy of the independence declaration is set out on page 5.

This report is made in accordance with a resolution of the Directors

DATED this 26 day of OCTOBER 2010.



Director



Director

**MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263**

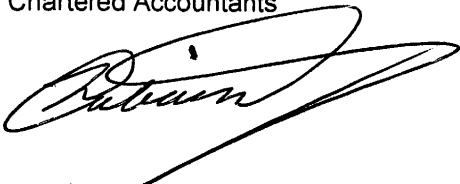
**AUDITORS' INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MASTER GROCERS AUSTRALIA LIMITED**

In accordance with section 307C of the Corporations Act 2001, I declare that,
to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- (a) no contraventions of the auditors' independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

DATED this *26* day of *OCTOBER* 2010

COBAIN & LIM PTY LTD
Chartered Accountants



N A COBAIN
Registered Company Auditor Number: 10612

218 / 566 St. Kilda Rd
MELBOURNE 3004

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 \$	2009 \$
Operating Revenue	3	1,130,434	849,506
Cost of Sales		(66,334)	(63,455)
		<hr/>	
Gross Profit		1,064,100	786,051
Other Revenues	3	395,967	183,964
National Development Expenses		(16,876)	(4,083)
Training Expenses		(76,477)	(63,434)
Employment Law Expenses		(92,846)	(19,299)
Occupancy Expenses		(41,298)	(24,002)
Employee Expenses		(893,880)	(802,456)
Commercial Bill Facility Expenses		(43,205)	(14,196)
Administration Expenses		(207,784)	(202,949)
Depreciation and Amortisation Expense		(20,887)	(25,607)
Other Expenses from Ordinary Activities		(113,665)	(109,574)
Proceeds from Sale of Investments	4	606,542	450,682
Carrying Amount of Investments Sold	4	(555,384)	(733,514)
		<hr/>	
Profit / (Loss) from Ordinary Activities before Income Tax		4,307	(578,417)
Income Tax Expense	6	-	-
		<hr/>	
Profit / (Loss) attributable to Members		4,307	(578,417)
		<hr/> <hr/>	

The accompanying notes form part of these accounts

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

BALANCE SHEET
AS AT 30 JUNE 2010

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash		185,724	267,186
Receivables	7	111,338	155,815
Total Current Assets		297,062	423,001
NON CURRENT ASSETS			
Investments	8	1,717,455	1,833,790
Property, Plant & Equipment	9	1,340,342	1,346,509
Intangible Assets	10	17,045	19,480
Training Programme Development	11	1,109,937	654,685
Total Non Current Assets		4,184,779	3,854,464
TOTAL ASSETS		4,481,841	4,277,465
CURRENT LIABILITIES			
Creditors & Borrowings	12	368,684	124,997
Provisions	13	53,373	45,141
Special Purpose Projects	14	24,730	59,580
Total Current Liabilities		446,787	229,718
NON CURRENT LIABILITIES			
Creditors & Borrowings	12	594,000	611,000
Total Non Current Liabilities		594,000	611,000
TOTAL LIABILITIES		1,040,787	840,718
NET ASSETS		3,441,054	3,436,747
<i>Represented by:</i>			
MEMBERS' EQUITY			
Accumulated Surplus		3,441,054	3,436,747
TOTAL MEMBERS' EQUITY		3,441,054	3,436,747

The accompanying notes form part of these accounts

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
Equity at the beginning of the financial year	3,436,747	4,015,164
Profit/ (Loss) attributable to Members	4,307	(578,417)
Equity at the end of the financial year	<u>3,441,054</u>	<u>3,436,747</u>

The accompanying notes form part of these accounts

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from members (GST inclusive)	1,120,397	912,699
Government funding (GST inclusive)	255,555	82,500
Dividend & trust Income received	123,279	103,358
Interest received	14,463	34,463
Rents received (GST inclusive)	62,323	56,752
Surplus from absorption of LSAV business operations	150,900	-
Payments to suppliers and employees	(1,946,587)	(2,009,714)
Net Cash Provided by (used in) Operating Activities	<u>(219,670)</u>	<u>(819,942)</u>
CASH FLOW FROM INVESTMENT ACTIVITIES		
Proceeds from sale of investments	606,542	450,682
Proceeds from sale of plant & equipment		
Payments for plant and equipment	(12,285)	(48,947)
Payments for investments	(439,049)	(60,020)
Net Cash Provided by (used in) Investment Activities	<u>155,208</u>	<u>341,715</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	611,000
Repayment of borrowings	(17,000)	-
Net Cash Provided by (used in) Financing Activities	<u>(17,000)</u>	<u>611,000</u>
NET INCREASE / (DECREASE) IN CASH HELD	<u>(81,462)</u>	<u>132,773</u>
CASH AS AT START OF FINANCIAL YEAR	<u>267,186</u>	<u>134,413</u>
CASH AS AT END OF FINANCIAL YEAR	<u><u>185,724</u></u>	<u><u>267,186</u></u>
 (a) Reconciliation of Operating Profit after income tax to net cash provided by (used in) operating activities:		
Operating Profit / (Loss) after income tax	4,307	(578,417)
Non-cash flows in operating profit:-		
(Profit) / Loss on sale of investments	(51,158)	282,832
(Profit) / Loss on sale of plant & equipment		
Depreciation and amortisation	20,887	25,607
Change in assets and liabilities:		
(Increase) / Decrease		
- Trade debtors	12,442	(21,758)
- Sundry debtors, prepayments & receivables	32,035	(12,782)
- Training strategy	(455,252)	(500,748)
(Decrease) / Increase		
- Trade creditors & accruals	243,687	3,894
- Employee provisions	8,232	11,725
- Special purpose grants & projects	(34,850)	(30,295)
Net cash provided by operating activities	<u>(219,670)</u>	<u>(819,942)</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1 STATEMENT OF ACCOUNTING POLICIES

The financial statements are a general purpose financial report that has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Law, including the disclosure requirements of Schedule 5 of the Corporations Regulations. Accounting Standards include Australian equivalents to International Financial Reporting Standards. The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated.

The following is a summary of material accounting policies adopted by the economic entity in the preparation of the financial statements.

(a) Revenue recognition

Members' subscriptions or fees are accounted for when invoiced and taken to profit over the period to which they apply.

Revenue in respect of training, workplace agreements and sundry income is accounted for when invoiced. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

a) Depreciation

Depreciation on Plant & Equipment has been provided in the accounts using either the reducing balance of depreciation or prime cost depreciation at various fixed rates appropriate to the estimated effective lives.

(b) Employee entitlements

Provision is made for benefits accruing to employees at current pay rates in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

(c) Investments

Investments in listed and unlisted shares are carried at cost. On an annual basis the company assess if there has been any impairment in relation to its investments. If an impairment event is detected the carrying value of the investment is determined by reference to the net assets or the net realisable value of the investment. Any deficiency is accounted for as an impairment loss.

(d) Receipt of Grant Funding

Grants received are reconciled against the cost of providing services particular to the objective of each Grant. The component of funding not yet expensed is shown as a non current liability.

(f) Training Programme Development

Investment in the development of the Compliance Management System training programme is carried at cost. This includes an appropriate recovery of internal costs as well as outgoings to external parties. The programme was to be completed in December 2009 but this was delayed until June 2010.

Sales programme during 2010 were based on earlier completed Modules but the full suite of units was finalised in June 2010.

Full rollout of the programme under a dedicated National marketing plan commenced effective from 1st of July 2010.

The useful life of the Compliance Management System training programme is considered to be finite and its useful life and its rate of amortisation will be determined and commenced in the 2011 financial year and not in the 2010 financial year as stated in Note 1(f) of the 2009 accounts.

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
NOTE 2 DIRECTORS EMOLUMENTS		
Total emoluments excluding amounts in respect of fixed salaries as employees received or due and received from the Company		
(i) Directors engaged in the full time employment of the Company	NIL	NIL
(ii) Other Directors of the Company - Fees/Allowance for attendance as representatives at meetings received by directors of the company		
- Current Year	65,000	57,500
- Adjustment of Prior Year Fees	-	(495)
	<u>65,000</u>	<u>57,005</u>
NOTE 3 REVENUE FROM ORDINARY ACTIVITIES		
Operating Revenue		
Membership Subscriptions	679,435	525,481
MGA Agreement and Fees for Service	150,457	112,389
Magazine Income	97,346	97,977
OHS Training	4,544	35,085
Retail Sales & Training	123,363	24,650
RSA Workshop	15,364	6,375
Food Safety Workshop	11,345	13,865
Other related income	48,580	33,684
	<u>1,130,434</u>	<u>849,506</u>
Other Revenue		
Interest	13,468	22,223
Dividends	108,744	90,448
Trust Distributions	4,928	19,700
Rental income	56,657	51,593
Government Funding	-	-
Project Cost Recoveries	31,850	-
Surplus from absorption of LSAV Business Operations	150,900	-
Other Income	29,420	-
	<u>395,967</u>	<u>183,964</u>
NOTE 4 PROFIT FROM ORDINARY ACTIVITIES		
(a) Profit / (Loss) from Ordinary Activities has been determined after the following items:-		
Auditors' Remuneration		
- Audit of the Accounts	8,000	8,000
- Other Services	-	-
Bad Debts	3,287	(200)
Depreciation	18,452	23,172
Amortisation	2,435	2,435
Transfers to Provisions for Annual Leave	8,231	11,726
Transfers to Provisions for Long Service Leave	-	-

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
NOTE 4 PROFIT FROM ORDINARY ACTIVITIES (con't)		
(b) Specific Net Gains and (Losses):		
Proceeds from Sale of Investments	606,542	450,682
Carrying Amount of Investments Sold	555,384	733,514
Profit / (Loss) on Sale of Investments	<u>51,158</u>	<u>(282,832)</u>
Proceeds from Sale of Plant & Equipment	-	-
Carrying Amount of Plant & Equipment Sold	-	-
Profit/(Loss) on Sale of Plant & Equipment	<u>-</u>	<u>-</u>

NOTE 5 DIVIDENDS POLICY

No Dividends were paid during the financial year or are proposed to be paid.

NOTE 6 INCOME TAX

The company is income tax exempt effective from a Private Ruling date of 18th July 2003

NOTE 7 RECEIVABLES

Current

Trade Debtors	99,682	117,814
Less: Provision Doubtful Debts	(660)	(6,350)
Accrued Income	524	11,126
Sundry Debtors & prepayments	11,792	33,225
	<u>111,338</u>	<u>155,815</u>

Non Current

	<u>-</u>	<u>-</u>
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MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
NOTE 8 INVESTMENTS		
<i>Non Current</i>		
Shares in other corporations not listed on a prescribed stock exchange		
Shares in related corporations		
* At cost	-	-
Shares in listed corporations		
* At cost	1,542,468	1,554,681
(Market Value at 30.6.10 \$1,904,202)		
Units in listed managed funds		
* At cost	110,000	160,000
(Market Value at 30.6.10 \$90,442)		
Units in listed property trusts		
* At cost	64,987	119,109
(Market Value at 30.6.10 \$45,900)		
	1,717,455	1,833,790

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

<i>Property:</i>		
Suites 4, 5 & 9 / 1 Milton Pde, Malvern	1,219,562	1,219,562
Plant and equipment at cost	255,256	242,972
Less: accumulated depreciation	(134,476)	(116,024)
	1,340,342	1,346,509

The properties at 1 Milton Pde, Malvern were valued independently as at 6 September 2007 by Antony Coady & Associates Pty Ltd at a market value of \$2,005,000.

NOTE 10 INTANGIBLE ASSETS

Corporate Branding	24,350	24,350
Less: accumulated amortisation	(7,305)	(4,870)
	17,045	19,480

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
NOTE 11 TRAINING PROGRAMME DEVELOPMENT		
Opening balance	654,685	153,937
Invested during the year in Compliance Management Systems:		
- Directly Attributable Costs	399,158	470,681
- Employee Expenses Recovered	106,094	130,067
<i>Less:</i>		
- Funding from Canberra Institute of Technology	(50,000)	(100,000)
- Funding allocated from PLIDTF	-	-
	1,109,937	654,685
	1,109,937	654,685

NOTE 12 CREDITORS AND BORROWINGS

Current

Trade Creditors	165,629	50,612
Sundry Creditors & Accruals	138,224	68,977
Subscriptions in Advance	59,343	-
Credit Card	5,488	5,408
	368,684	124,997
	368,684	124,997

Non Current

ANZ Bank - Commercial Bills	594,000	611,000
	594,000	611,000
	594,000	611,000

NOTE 13 PROVISIONS

Current

Employee Entitlements - Provision for Annual Leave	53,373	45,141
	53,373	45,141
	53,373	45,141

NOTE 14 SPECIAL PURPOSE PROJECTS

(i) Planning Review Committee (PRC)

Opening balance	59,580	89,875
MGA commitment to PRC	-	-
<i>Add:</i>		
Funding received from co-contributors during the year	-	-
<i>Less:</i>		
Project costs expensed during year	(34,850)	(30,295)
	24,730	59,580
	24,730	59,580

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 15 RELATED PARTY TRANSACTIONS

(a) The names of the Directors during this financial year were:

ALLEN, Rodney
BRAY, Andrew
COWLEY, Jean
DALY, Michael

DIXON, Jillian
GARRETT, Leigh
MILLER, Stephen
SMITH, Deborah

Emoluments due to the Directors for the 2010 financial year were as follows:

Mr. R. Allen received remuneration, being President Allowance from the company, of \$5,000
Mr. R. Allen, Mr. A. Bray, Ms. J Cowley, Mr. M. Daly, Ms J. Dixon, Mr L. Garrett, Mr. S. Miller and
Ms. D. Smith received remuneration, being director fees, from the Company of \$7,500 respectively
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. R. Allen was \$353.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. A. Bray was \$3,590.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. M. Daly was \$931.
Travel costs paid on behalf of and/or reimbursed by the Company for Ms. J. Dixon was \$53.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. L. Garrett was \$5,302.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. S. Miller was \$504.
Travel costs paid on behalf of and/or reimbursed by the Company for Ms. D. Smith was \$3,953.

(b) There were no other material transactions between related parties.

NOTE 16 MEMBERS GUARANTEE

The Company is limited by guarantee. If the company is wound up, the Constitution of the Company states that each member is required to contribute a maximum amount not exceeding one year's subscription towards meeting any outstanding obligations of the Company. At 30 June 2010, there were 1,365 members and 31 associate and corporate members.

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263

STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2010

In the opinion of the Directors of the Company;

1. (a) The accompanying Income Statement is drawn up so as to give a true and fair view of the results of the Company, in so far as they concern members of the Company, for the financial year ended 30 June 2010.
- (b) The accompanying Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Company, in so far as they concern members of the Company, as at the end of that financial year.
- (c) At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due,

This statement is made in accordance with the resolution of the Board of Directors and is signed for and on behalf of the directors by:

DATED this *26* day of *OCTOBER* 2010



Director



Director

INDEPENDENT AUDITORS REPORT

Scope

We have audited the accounts, being the Statement of Directors, Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to and forming part of the accounts of Master Grocers Australia Limited for the year ended 30th June 2010. The company's Directors are responsible for the preparation and presentation of the accounts and the information they contain.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies and significant accounting estimates.

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

Auditor's Independence Declaration

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

Audit Opinion

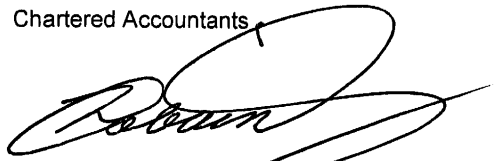
In our opinion, the financial report of Master Grocers Australia Limited for the year ended 30 June 2010 is in accordance with

- (a) The Corporations Act 2001, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with the Australian Accounting Standards and the Corporations Regulations 2001, and
- (b) other mandatory professional reporting requirements.

DATED this 26 day of OCTOBER 2010

COBAIN & LIM PTY LTD

Chartered Accountants



N A COBAIN

Registered Company Auditor Number: 10612

218 / 566 St. Kilda Rd
MELBOURNE 3004