

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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 2011 and on the state of affairs of the Company as at that date.

The following Directors of Master Grocers' Australia Limited hold office during the financial year and, unless noted, until 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 (Resigned 19/8/2011)	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 result of the Company for the year is a loss of \$132,205. (2010: Profit of \$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.

Retailer Membership continues to grow in all states. The State Retailers Association of South Australia was wound up and absorbed by MGA resulting in SA membership growth of 240 new independent supermarket members and 125 non food and beverage retailers .

This financial year has again provided many challenging circumstances for our industry including the on going challenges of a less than confident consumer, a weak retail economy and increased competition from the 2 dominant chain stores. Despite economic adversity and an increase in competition from the Chains and Aldi, our members continue to trade vigorously albeit less profitably. Owing to the market dominance and power of the chains and their investment in unsustainable retailing developments (approved by ill informed councils and government) our Members confidence to invest in their business has reached an all time low.

Despite the less than robust trading conditions, independent supermarket and liquor store owners continue to explore minor improvements in their business and the development of a point of difference to attract customers to their stores 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.

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2011

MGA's training presence has improved greatly over the past 12 months particularly in the areas of diploma and certificate training.

MGA continues to build 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.

Highlights this year have been the absorption of SA SRA and its 240 independent supermarket members and 125 non food retailers joining MGA and the ongoing membership growth in each state. MGA have engaged with the SPAR group and also Tasmanian Independent Retailers seeking full membership from their branded stores. The ongoing increase in membership of independent supermarket and liquor stores under the various brands has delighted all industry stakeholders, including governments at State and Federal levels. These industry stakeholders have recognised that it is vital there is one national and state industry voice for independent supermarkets

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 25% and Corporate Membership has grown by 19%.
- The profile of MGA as an industry organisation continues to lift, 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.
- 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 dealing with trading hours hearings in Queensland.
- 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 and LRA's industry events in each state have been very well received - Guest Speakers continue to attract members and have included state ministers, bureaucrats and industry leaders. Events have included industry breakfasts and golf days.
- 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.
- MGA's training offer has dramatically improved with MGA delivering Diploma and Certificate courses in WA, SA, VIC, TAS, ACT and NSW. On line training courses continue to improve, particularly in the Food Safety and RSA areas. The Compliance Management System continues to be well supported and is a major compliance tool for over 100 MGA members.
- Membership services continues to expand and improve. Master Grocers Insurance Services continues to gain 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 TAS, WA, VIC, QLD, the ACT and NSW. MGA will continue to develop new industry memberships in TAS, the NT, SA and QLD in the next financial year.

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2011

SIGNIFICANT CHANGES

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

Staff numbers remain constant at 14 full time staff, 1 Part Time and 1 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, 2011

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.

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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 Independent Retailer Pty Ltd
Michael A. DALY	2001	Kevmille Pty Ltd Houseinvest.com Pty Ltd M.A. Daly Pty Ltd The Network Company Pty Ltd MA & DM Daly Pty Ltd MA Daly No 2 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 Local Grocer Pty Ltd Independent Retailer Pty Ltd Comptrain Services Pty Ltd
Deborah May SMITH	2006	A & D (QLD) Holdings Pty Ltd Australian United Retailers Ltd DAALT Pty Ltd Australian United Grocers 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 Brayvic 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.

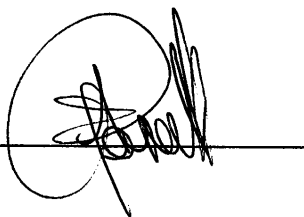
AUDITORS INDEPENDENCE DECLARATION

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

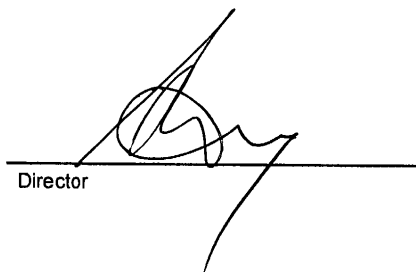
This report is made in accordance with a resolution of the Directors

DATED this 24th day of October 2011.

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 2011 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 *24th* day of *October* 2011

COBAIN & LIM PTY LTD
Chartered Accountants



N A COBAIN
Registered Company Auditor Number: 10612

211 / 566 St. Kilda Rd
MELBOURNE 3004

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

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 \$	2010 \$
Operating Revenue	3	1,621,489	1,116,637
Cost of Sales		(78,855)	(66,334)
		<hr/>	
Gross Profit		1,542,634	1,050,302
Other Revenues	3	238,230	409,764
National Development Expenses		(6,970)	(16,876)
Training Expenses		(166,163)	(76,477)
Employment Law Expenses		(19,998)	(92,846)
Occupancy Expenses		(48,525)	(41,298)
Employee Expenses		(1,112,248)	(893,880)
Commercial Bill Facility Expenses		(48,342)	(43,205)
Administration Expenses		(248,941)	(207,784)
Depreciation and Amortisation Expense		(125,409)	(20,887)
Other Expenses from Ordinary Activities		(155,777)	(113,665)
Proceeds from Sale of Investments	4	653,848	606,542
Carrying Amount of Investments Sold	4	(634,544)	(555,384)
		<hr/>	
Profit / (Loss) from Ordinary Activities before Income Tax		(132,205)	4,307
Income Tax Expense	6	-	-
		<hr/>	
Profit / (Loss) attributable to Members		(132,205)	4,307

The accompanying notes form part of these accounts

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

BALANCE SHEET
AS AT 30 JUNE 2011

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash		133,620	185,724
Receivables	7	411,355	111,338
Total Current Assets		544,975	297,062
NON CURRENT ASSETS			
Investments	8	1,605,251	1,717,455
Property, Plant & Equipment	9	1,386,994	1,340,342
Intangible Assets	10	14,610	17,045
Training Programme Development	11	963,844	1,109,937
Total Non Current Assets		3,970,699	4,184,779
TOTAL ASSETS		4,515,674	4,481,841
CURRENT LIABILITIES			
Creditors & Borrowings	12	538,703	368,684
Provisions	13	74,122	53,373
Special Purpose Projects	14	-	24,730
Total Current Liabilities		612,825	446,787
NON CURRENT LIABILITIES			
Creditors & Borrowings	12	594,000	594,000
Total Non Current Liabilities		594,000	594,000
TOTAL LIABILITIES		1,206,825	1,040,787
NET ASSETS		3,308,849	3,441,054
<i>Represented by:</i>			
MEMBERS' EQUITY			
Accumulated Surplus		3,308,849	3,441,054
TOTAL MEMBERS' EQUITY		3,308,849	3,441,054

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 2011

	2011	2010
	\$	\$
Equity at the beginning of the financial year	3,441,054	3,436,747
Profit/ (Loss) attributable to Members	(132,205)	4,307
Equity at the end of the financial year	<u>3,308,849</u>	<u>3,441,054</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 2011

	2011	2010
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from members (GST inclusive)	1,469,989	1,041,281
Government funding (GST inclusive)	221,858	255,555
Dividend & trust Income received	91,129	123,279
Interest received	8,391	14,463
Rents received (GST inclusive)	70,352	62,323
Sundry Receipts	77,969	79,116
Surplus from absorption of LSAV business operations	-	150,900
Payments to suppliers and employees	(2,060,767)	(1,946,587)
Net Cash Provided by (used in) Operating Activities	<u>(121,079)</u>	<u>(219,670)</u>
CASH FLOW FROM INVESTMENT ACTIVITIES		
Proceeds from sale of investments	653,848	606,542
Proceeds from sale of plant & equipment		
Payments for plant and equipment	(62,533)	(12,285)
Payments for investments	(522,340)	(439,049)
Net Cash Provided by (used in) Investment Activities	<u>68,975</u>	<u>155,208</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	-
Repayment of borrowings	-	(17,000)
Net Cash Provided by (used in) Financing Activities	<u>-</u>	<u>(17,000)</u>
NET INCREASE / (DECREASE) IN CASH HELD	<u>(52,104)</u>	<u>(81,462)</u>
CASH AS AT START OF FINANCIAL YEAR	<u>185,724</u>	<u>267,186</u>
CASH AS AT END OF FINANCIAL YEAR	<u>133,620</u>	<u>185,724</u>

(a) Reconciliation of Operating Profit after income tax to net cash provided by (used in) operating activities:

Operating Profit / (Loss) after income tax	(132,205)	4,307
Non-cash flows in operating profit:-		
(Profit) / Loss on sale of investments	(19,304)	(51,158)
(Profit) / Loss on sale of plant & equipment		
Depreciation and amortisation	125,409	20,887
Change in assets and liabilities:		
(Increase) / Decrease		
- Trade debtors	(288,159)	12,442
- Sundry debtors, prepayments & receivables	(11,857)	32,035
- Training strategy	39,000	(455,252)
(Decrease) / Increase		
- Trade creditors & accruals	170,019	243,687
- Employee provisions	20,748	8,232
- Special purpose grants & projects	(24,730)	(34,850)
Net cash provided by operating activities	<u>(121,079)</u>	<u>(219,670)</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

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 useful life of the Compliance Management System training programme is considered to be finite. The cost of the programme is being amortised equally over ten years commencing from the current financial year.

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
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	65,000
- Adjustment of Prior Year Fees	-	-
	65,000	65,000
NOTE 3 REVENUE FROM ORDINARY ACTIVITIES		
Operating Revenue		
Membership Subscriptions	779,626	572,634
Corporate Partner Memberships	251,111	107,081
Training Programmes	528,988	169,038
MGA Agreement and Fees for Service	47,007	150,457
Magazine Income	5,097	97,061
Other related income	9,660	20,366
	1,621,489	1,116,637
Other Revenue		
Interest	8,101	13,468
Dividends	87,859	108,744
Trust Distributions	3,037	4,928
Rental income	66,082	56,657
Commissions	20,434	13,797
Project Cost Recoveries	24,730	31,850
Surplus from absorption of LSAV Business Operations	-	150,900
Other Income	27,987	29,420
	238,230	409,764
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
Depreciation	15,881	18,452
Amortisation	109,528	2,435
Transfers to Provisions for Annual Leave	20,748	8,231
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 2011

	2011	2010
	\$	\$
NOTE 4 PROFIT FROM ORDINARY ACTIVITIES (con't)		
(b) Specific Net Gains and (Losses):		
Proceeds from Sale of Investments	653,848	606,542
Carrying Amount of Investments Sold	634,544	555,384
Profit / (Loss) on Sale of Investments	19,304	51,158
Proceeds from Sale of Plant & Equipment	-	-
Carrying Amount of Plant & Equipment Sold	-	-
Profit/(Loss) on Sale of Plant & Equipment	-	-

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	405,741	99,682
Less: Provision Doubtful Debts	(18,560)	(660)
Accrued Income	2,126	524
Sundry Debtors & Prepayments	22,048	11,792
	411,355	111,338

Non Current

	-	-
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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 2011**

	2011	2010
	\$	\$
NOTE 8 INVESTMENTS		
<i>Non Current</i>		
Shares in listed corporations		
* At cost	1,477,251	1,589,455
(Market Value at 30.06.11 \$1,931,824)		
Units in listed managed funds		
* At cost	110,000	110,000
(Market Value at 30.06.11 \$86,050)		
Units in listed property trusts		
* At cost	18,000	18,000
(Market Value at 30.06.11 \$18,000)		
	1,605,251	1,717,455
	1,605,251	1,717,455

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

Property:

Suites 4, 5 & 9 / 1 Milton Pde, Malvern	1,219,562	1,219,562
Plant and equipment at cost	317,789	255,256
Less: accumulated depreciation	(150,357)	(134,476)
	1,386,994	1,340,342
	1,386,994	1,340,342

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	(9,740)	(7,305)
	14,610	17,045
	14,610	17,045

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 11 TRAINING PROGRAMME DEVELOPMENT		
Opening balance	1,109,937	654,685
Invested during the year in Compliance Management Systems:		
- Directly Attributable Costs	11,000	399,158
- Employee Expenses Recovered	-	106,094
Less:		
- Funding from Canberra Institute of Technology	(50,000)	(50,000)
- Funding allocated from PLIDTF	-	-
- Accumulated Amortisation	(107,093)	
	<u>963,844</u>	<u>1,109,937</u>
	<u>963,844</u>	<u>1,109,937</u>
 NOTE 12 CREDITORS AND BORROWINGS		
<i>Current</i>		
Trade Creditors	66,963	165,629
Sundry Creditors & Accruals	162,190	138,224
Subscriptions in Advance	299,129	59,343
Credit Card	10,421	5,488
	<u>538,703</u>	<u>368,684</u>
	<u>538,703</u>	<u>368,684</u>
 <i>Non Current</i>		
ANZ Bank - Commercial Bills	594,000	594,000
	<u>594,000</u>	<u>594,000</u>
	<u>594,000</u>	<u>594,000</u>
 NOTE 13 PROVISIONS		
<i>Current</i>		
Employee Entitlements - Provision for Annual Leave	74,122	53,373
	<u>74,122</u>	<u>53,373</u>
	<u>74,122</u>	<u>53,373</u>
 NOTE 14 SPECIAL PURPOSE PROJECTS		
(i) Planning Review Committee (PRC)		
Opening balance	24,730	59,580
Less:		
Project costs recovered during the year	(24,730)	(34,850)
	<u>-</u>	<u>24,730</u>
	<u>-</u>	<u>24,730</u>

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

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 2011 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 \$332.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. A. Bray was \$1,760
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. M. Daly was \$3,431.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. L. Garrett was \$2,153.
Travel costs paid on behalf of and/or reimbursed by the Company for Ms. D. Smith was \$892.

(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 2011, there were 1,894 members, 32 associate members and 41 corporate members.

MASTER GROCERS AUSTRALIA LIMITED
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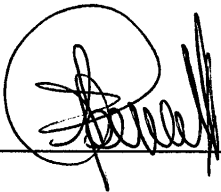
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2011

In the opinion of the Directors of the Company;

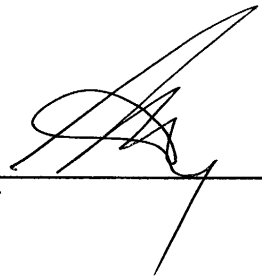
1. (a) The accompanying Income Statement is drawn up so as to give a true and fair view of the results of the Company, in so far as they concern members of the Company, for the financial year ended 30 June 2011.
- (b) The accompanying Balance Sheet is drawn up so as to give a true and fair view of the 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 24th day of October 2011



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 2011. 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

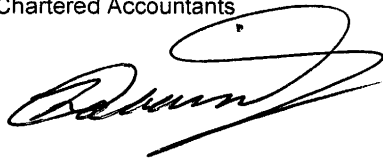
Audit Opinion

In our opinion, the financial report of Master Grocers Australia Limited for the year ended 30 June 2011 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 2011 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 *24th* day of *October* 2011

COBAIN & LIM PTY LTD
Chartered Accountants



N A COBAIN
Registered Company Auditor Number: 10612

211 / 566 St. Kilda Rd
MELBOURNE 3004